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SAN FRANCISCO PORT COMMISSION

Rodney Fong, President
Kimberly Brandon, Vice President
Ann Lazarus, Commissioner

Monique Moyer, Executive Director
Phone: 415-274-0400; Fax: 415-274-0412

Amy Quesada, Commission Secretary
Phone: 415-274-0406; Fax: 415-274-0412

AGENDA
TUESDAY, SEPTEMBER 14, 2010
2:00 P.M. CLOSED SESSION
3:15 P.M. OPEN SESSION
PORT COMMISSION HEARING ROOM, SECOND FLOOR
FERRY BUILDING, SAN FRANCISCO, CA 94111

PLEASE NOTE THE TIME OF THE MEETING

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk.

If any materials related to an item on this agenda have been distributed to the Port Commission after distribution of the agenda packet, those materials are available for public inspection at the Port Commission Secretary's office located at Pier 1 during normal office hours.

1. **CALL TO ORDER / ROLL CALL**

2. **APPROVAL OF MINUTES** - August 19, 2010

3. **PUBLIC COMMENT ON EXECUTIVE SESSION**

4. **EXECUTIVE SESSION**

 A. Vote on whether to hold closed session.

 An Executive Session has been calendared to discuss the following matters:

 (1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTERS:

 a. Discuss existing litigation matters pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d).

GOVERNMENT DOCUMENTS DEPT
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- City and County of San Francisco by and Through its Port Commission vs. Carl Ernst, Jr. and Pier 38 Maritime Recreation Center, Inc. and Does 1 through 10; California Superior of the State of California for the County of San Francisco (CUD 07-621476)

- City and County of San Francisco by and Through its Port Commission vs. Carl Ernst, Jr. and Pier 38 Maritime Recreation Center, Inc. and Does 1 through 10; California Court of Appeals (Case No. A121104)

 Proposed Action: Approval of Settlement Agreement whereby the Port agrees to pay to Carl Ernst, Jr. $30,600 for attorney's fees and each party waives and releases all claims for attorney's fees arising out of the lawsuit.

b. Discuss existing litigation matter pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d).

- City and County of San Francisco by and through its Port Commission vs. Carl Ernst, Jr. and Does 1 through 10; California Superior of the State of California for the County of San Francisco (CUD 09-631352)

c. Discuss existing litigation matter pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d).

- Neighbors to Preserve the Waterfront, et al. v. City and County of San Francisco, et al.; California Superior Court of the State of California for the County of San Francisco (Case No. CPF-10-510634).

5. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

6. ANNOUNCEMENTS

A. **Announcement of Prohibition of Sound Producing Devices During the Meeting**

Please be advised that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

B. **Announcement of Time Allotment For Public Comments**
Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

7. EXECUTIVE

A. Executive Director's Report
- San Francisco Arts Commission Gallery and Photo Alliance Exhibition: Night/Light: Bay Area Photographers Take Aim at the Night featuring photos by Jay Ach – September 16, 2010 to January 14, 2011 at City Hall
- Third Annual "A Taste of South Beach and Mission Bay" Street Fair - September 25, 2010 at Pier 40
- SalmonAid's kickoff of Salmon Month – September 26, 2010 at Aquarium of the Bay
- Piero Patri Fellow Final Concept Plan Presentation for the Third and Cargo Southern Waterfront Gateway Site – September 28, 2010 at 6:30 p.m. at Pier 1
- Release of Pier 70 Waterfront Site Request for Developer Qualifications
- In Memoriam – Skip Zeller, Retired Port Employee

8. CONSENT

A. Request approval to apply for, accept and expend Congestion Mitigation and Air Quality Improvement (CMAQ) funding from the Metropolitan Transportation Commission (MTC) through the San Francisco County Transportation Authority (SFTA), the local Congestion Management Agency (CMA), and committing the necessary matching funds for the Cargo Way Bay Trail Bicycle Lane Project. (Resolution No. 10-64)

9. MARITIME

A. Request approval of five year landing rights license agreement for water taxi services to Hyde Street Harbor and Pier 1½ to San Francisco Water Taxi Service LLC. (Resolution No. 10-65)

10. PLANNING AND DEVELOPMENT

A. Request approval of term sheet for Seawall Lot 351(at Embarcadero and Washington Street) as part of the 8 Washington Project. (Resolution No. 10-66)

11. NEW BUSINESS

12. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

13. ADJOURNMENT

FORWARD CALENDAR (Targeted Commission meeting, subject to change)

- Informational update on the Port's Commercial Real Estate Retail Leasing Policy (September 28, 2010)
- Informational presentation by the San Francisco Public Utilities Commission regarding the Proposed Ordinance for the Control of Fats, Oil and Grease (FOG) in City Sewers (September 28, 2010)
- Request Port Commission to direct staff to further develop a preferred concept plan for the James R. Herman Cruise Terminal at Pier 27, located along the Embarcadero at Lombard Street (September 28, 2010)
- Request authorization to advertise for competitive bids for Construction Contract No. 2746, Five Year Maintenance Dredging Project (September 28, 2010)
- Request authorization to award Construction Contract No. 2732, Mission Bay Shoreline Protection for Bayfront Park Project (September 28, 2010)
- Request approval of Lease No. L-14814 with Andre-Boudin Bakeries, Inc., a California Corporation, for a seven-year restaurant lease for premises located at 2890 Taylor Street (September 28, 2010)
- Request approval of the Cooperative Agreement between the San Francisco Bay Area Rapid Transit District and the City and County of San Francisco, through the Port of San Francisco (September 28, 2010)
- Request approval of new form License (Landing Rights Agreement) including new rate structure and fees, authorize the Executive Director to enter into the form License with ferry and excursion operators and authorize the Executive Director to make additions, amendments or other modifications to the form License (September 28, 2010)
- Request authorization to award Grant for Environmental Education Programs at Heron's Head Park and India Basin Shoreline Open Space (October 12, 2010)
- Request authorization to award Contract No. 2741, Marine Structural Projects III, which includes the Pier 35 Superstructure Repair, Pier 33 Marginal Wharf Substructure Beam Repair, and the Pier 50 Valley Substructure Repair (October 12, 2010)
- Request authorization to advertise for competitive bids for Construction Contract No. 2727, Pier 43 Bay Trail Link (October 26, 2010)
- Request authorization to award contract for Hazardous Building Materials Surveys and Related Consulting Services at Pier 70 (October 26, 2010)
- Informational presentation on Response to Pier 70 Waterfront Site Request for Qualifications (Date to be determined)
- Update and request for authorization to enter into an agreement with the U.S. Army Corps of Engineers for environmental, design, bidding and construction assistance for the removal of Pier 36, in coordination with the Port of San Francisco's Brannan Street Wharf open space project (Date to be determined)
- Informational presentation of design standards addressing circulation, access and adjacent tenant improvements for The Embarcadero Promenade which is the Bay side multi-use pathway along The Embarcadero Roadway, extending from Pier 35 to China Basin (Date to be determined)
- Request approval of a First Amendment to Lease No. L-12090 with Darling International, Inc., for premises located at 429 Amador Street to expand the permitted uses to include construction and operation of a biodiesel production facility

in compliance with a Port-approved operations plan and adopting California Environmental Quality Act findings (Date to be determined)

- Request approval of Resolution rescinding Resolution 08-61 adopted by the Port Commission on September 9, 2008 regarding approval of First Amendment to Lease No. L-12090 with Darling International, Inc. for premises at SWL 344 located at 429 Amador Street and Pier 92 (Date to be determined)
- Request approval of the Port's Interim Leasing Policy for Historic Structures. (Date to be determined)
- Request approval of a one-year interim license agreement, and approval to seek Board of Supervisor approval of a 66-year lease/easement agreement and a 66-year right to use permit/agreement, between the Port and Peninsula Corridor Joint Powers Board, for use of property located along Seventh Street in the Mission Bay Redevelopment Area to support existing passenger rail uses for public purposes (Date to be determined)
- Request authorization to enter into a Memorandum of Understanding with the San Francisco Municipal Transportation Agency for the Port of San Francisco to relinquish its rights to cargo freight rail service north of Cesar Chavez along Illinois Street (Date to be determined)

COMMUNICATIONS TO THE PORT COMMISSION FROM AUGUST 13, 2010 TO SEPTEMBER 9, 2010

- From Lee Radner, copy of a Press Release entitled "Coalition of Community Groups Sues the City of San Francisco Over Waterfront Planning" and copy of Petition for Write of Mandamus
- From Port staff, copy of a letter to Senator Christine Kehoe, regarding support for AB 1706
- From the Potrero Boosters Neighborhood Association, copy of The Potrero Community Voice Newsletter

SEPTEMBER/OCTOBER 2010
CALENDAR OF UPCOMING PORT MEETINGS – OPEN TO THE PUBLIC

DATE	TIME	GROUP	LOCATION
September 28	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
October 12	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
October 26	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building

NOTES:

The San Francisco Port Commission meets regularly on the second and fourth Tuesday of the month at 3:15 p.m., unless otherwise noticed. The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com. Contact Amy Quesada at 274-0406. The Port Commission meetings can be viewed online at http://sanfrancisco.granicus.com/ViewPublisher.php?view_id=92. The Port Commission meetings are also broadcasted on the 2nd & 4th Thursday of the month at 9 p.m. on Comcast Cable Channel 26 or Astound Cable Channel 78 (formerly RCN Cable).

The Fisherman's Wharf Waterfront Advisory Group (FWWAG) meets regularly on a bi-monthly basis, on the third Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Michael Nerney @ 274-0416 or michael.nerney@sfport.com

Starting January 21, 2010, the Maritime Commerce Advisory Committee (MCAC) will meet every other month, on the third Thursday of the month, from 11:30 a.m. to 1:00 p.m. @ Pier 1. Contact Jim Maloney @ 274-0519 or jim.maloney@sfport.com

The Mission Bay Citizens Advisory Committee meets on the 2nd Thursday of the month at 5:00 p.m. at 1700 Owens Street, 2nd Floor. Parking validation is available. Contact Catherine Reilly, San Francisco Redevelopment Agency, at catherine.reilly@sfgov.org.

The Northeast Waterfront Advisory Group (NEWAG) meets regularly on a bi-monthly basis on the first Wednesday of the month from 5:00 p.m. to 7:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jonathan Stern @ 274-0545 or jonathan.stern@sfport.com

The Central Waterfront Advisory Group (CWAG) meets monthly on an as-needed basis, generally on the third Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or mark.paez@sfport.com

The Rincon Point-South Beach Citizens Advisory Committee meets on a quarterly basis, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine.Reilly/REDEV/SFGOV@SFGOV

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david.beaupre@sfport.com

The Waterfront Design Advisory Committee (WDAC) meets jointly with the Design Review Board of the Bay Conservation and Development Commission on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. The Committee meets as needed on the fourth Monday of the month at 6:30 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625 or dan.hodapp@sfport.com

FERRY BUILDING:

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
B) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

PIER 1:

The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.

Accessible meeting information policy:

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance:

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Frank Darby by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at sotf@sfgov.org. Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Darby or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at http://www.sfgov.org/sunshine.

NOTICES

Prohibition of Ringing of Sound Producing Devices:

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

Lobbyist Registration and Reporting Requirements:

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.

PORT OF SAN FRANCISCO

MEMORANDUM

September 9, 2010

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Kimberly Brandon, Vice President
Hon. Ann Lazarus

FROM: Monique A. Moyer
Executive Director

SUBJECT: Request approval to apply for, accept and expend Congestion Mitigation and Air Quality Improvement (CMAQ) funding from the Metropolitan Transportation Commission (MTC) through the San Francisco County Transportation Authority (SFTA), the local Congestion Management Agency (CMA), and committing the necessary matching funds for the Cargo Way Bay Trail Bicycle Lane Project.

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Overview

Cargo Way is an approximately three fourth of a mile roadway within the Port's jurisdiction *(see Attachment A - Site Location)*, which was constructed in the early 1970's to provide access and infrastructure to the India Basin Industrial Park and the Port's cargo operations. The roadway is also the location of the Blue Greenway, Bay Trail and planned local and regional bicycle system improvements. The existing condition of Cargo Way precludes safe pedestrian and bicycle access and is a significant gap in the Blue Greenway, Bay Trail and Bicycle systems.

In 2008, the Port, coordinating with the San Francisco Redevelopment Agency (SFRA), the Municipal Transportation Agency (MTA) and the Department of Public Works (DPW), conducted a community planning process with a grant from the Association of Bay Area Governments (ABAG) - Bay Trail Project and developed a Cargo Way Improvement Concept Plan to reconstruct Cargo Way that would better utilize the right-of-way and to improve bicycle and pedestrian access, while not impacting its capacity to serve the continued cargo and industrial operations.[1] The Concept Plan envisioned a

This Print Covers Calendar Item No. 8A

[1] The Cargo Way Concept Plan was presented to the Port Commission on April 8, 2008. The staff report is available at the following link: http://www.sfgov.org/site/uploadedfiles/port/meetings/supporting/2008/Item9bCargoWay.pdf

nearly total reconstruction of Cargo Way, including an off street Class 1 bicycle facility at a total cost of approximately $15 million. Recognizing the significant cost to carry out the 2008 Concept Plan and the limited available funding sources, the Port and other City partner agencies have identified an initial improvement project that would provide some of the benefits of the Concept Plan yet be achievable with current available funding sources for approximately $350,000.

In March of 2010, the San Francisco County Transportation Authority (SFTA) the local Congestion Management Agency (CMA) issued a call for Bicycle projects through their Block Grant Program. The Port, coordinating with the MTA and DPW, applied for a grant to help facilitate bicycle improvements identified in the Cargo Way Concept Plan.

Project

The Port, working with MTA and DPW, has developed an initial improvement project and cost estimate to improve bicycle and pedestrian access along Cargo Way between Third and Jennings Streets. The proposed project includes reconfiguring the existing roadway to accommodate a Class 1 bicycle facility along the length of the roadway, which will improve access to/from the southeast San Francisco neighborhoods to downtown and close a gap along the City's southern waterfront open space system referred to as the Blue Greenway.

The improvements will include a physical barrier that will provide protection to cyclists and pedestrians from industrial freight traffic utilizing Cargo Way, sign and signal modifications to accommodate the bicycle facility, lane demarcation and new signage to direct bicyclists to the facility *(see Attachment B - Initial Improvement Project Concept).*

Grant

On December 16, 2009, MTC adopted the framework for programming funds anticipated under the yet-to-be developed six-year federal surface transportation act. The first funding cycle covers Fiscal Years 2009/10 – 2011/12 and includes several grant programs that will be managed by the respective county CMA's, such as the SFTA. One of those programs is the CMA Block Grant program, which includes three fund programs: county share Transportation for Livable Communities (TLC), the Regional Bicycle Program (RBP), and the Local Streets and Roads program (LS&R).

The RBP is focused exclusively on bicycle projects. Eligible projects must result in additional bicycle route mileage and must be on the regional bike network. Projects purely intended for safety, recreation, or basic repair and rehabilitation are not eligible for RBP funds.

On March 12, 2010, the SFTA issued a call for 2010 CMA Block Grant program applications to San Francisco project sponsors and received five project applications requesting over $12.6 million in CMA Block Grant funds compared to the $11.7 million in available funds. However the SFTA did not receive requests for the entire amount of RBP funds available. In order to fully program the RBP target for eligible bicycle projects, on May 28, 2010 the SFTA issued a supplemental call for RBP applications to

Recommendation

Port staff recommend that the Port Commission approve the attached resolution to apply for, accept and expend Congestion Mitigation and Air Quality Improvement (CMAQ) funding and to commit the necessary matching funds for the Cargo Way Bay Trail Bicycle Lane Project.

Prepared by: David Beaupre
Senior Waterfront Planner

For: Byron Rhett, Deputy Director
Planning and Development

Attachments
A - Site Location
B - Initial Improvement Project Concept Design

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 10-64

Authorizing the filing of an application for federal Surface Transportation Program (STP) and/or Congestion Mitigation and Air Quality Improvement (CMAQ) funding and committing the necessary non-federal match and stating the assurance to complete the project.

WHEREAS, Cargo Way, a three-fourth of a mile roadway, is located within the Port's jurisdiction and is the alignment of the Bay Trail, Blue Greenway and local and regional bicycle network; and

WHEREAS, The Port, coordinating with the San Francisco Municipal Transportation Agency and San Francisco Department of Public Works, have developed a concept to improve bicycle and pedestrian access along Cargo Way; and

WHEREAS, the Port of San Francisco (herein referred to as APPLICANT) is submitting an application to the Metropolitan Transportation Commission (MTC) for $185,000 in funding from the federal Surface Transportation Program (STP) and/or Congestion Mitigation and Air Quality Improvement (CMAQ) program for the Cargo Way Bay Trail Bicycle Lane (herein referred to as PROJECT) for the MTC Resolution, No. 3925, New Federal Surface Transportation Act (FY 2009-10, FY 2010-11 and FY 2011-12) Cycle 1 STP/CMAQ Program: Project Selection Criteria, Policy, Procedures and Programming (herein referred to as PROGRAM); and

WHEREAS, the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA) (Public Law 109-59, August 10, 2005) authorized the Surface Transportation Program (23 U.S.C. § 133) and the Congestion Mitigation and Air Quality Improvement Program (CMAQ) (23 U.S.C. § 149) through September 30, 2009; and

WHEREAS, SAFETEA has been extended through December 31, 2010 pursuant to Public Law 111-147, March 18, 2010 and may be subsequently extended pending enactment of successor legislation for continued funding; and

WHEREAS, pursuant to SAFETEA, and the regulations promulgated thereunder, eligible project sponsors wishing to receive federal Surface Transportation Program and/or Congestion Mitigation and Air Quality Improvement Program (STP/CMAQ) funds for a project shall submit an application first with the appropriate Metropolitan Planning Organization (MPO), for review and inclusion in the MPO's Transportation Improvement Program (TIP); and

WHEREAS, the Metropolitan Transportation Commission (MTC) is the MPO for the nine counties of the San Francisco Bay region; and

WHEREAS, MTC has adopted a Regional Project Funding Delivery Policy (MTC Resolution No. 3606, revised) that sets out procedures governing the application and use of STP/CMAQ funds; and

WHEREAS, APPLICANT is an eligible project sponsor for STP/CMAQ funds; and

WHEREAS, the Port of San Francisco if awarded the grant will accept and expend grant funds; and

WHEREAS, as part of the application for STP/CMAQ funding, MTC requires a resolution adopted by the responsible implementing agency stating the following:

1. the commitment of necessary local matching funds of at least 11.47%; and
2. that the sponsor understands that the STP/CMAQ funding is fixed at the programmed amount, and therefore any cost increase cannot be expected to be funded with additional STP/CMAQ funds; and
3. that the project will comply with the procedures specified in Regional Project Funding Delivery Policy (MTC Resolution No. 3606, revised); and
4. the assurance of the sponsor to complete the project as described in the application, and if approved, as included in MTC's TIP; and
5. that the project will comply with all the project-specific requirements as set forth in the PROGRAM.; and
6. that the project (transit only) will comply with MTC Resolution No. 3866, which sets forth the requirements of MTC's Transit Coordination Implementation Plan to more efficiently deliver transit projects in the region, now, therefore, it be

RESOLVED, that the APPLICANT is authorized to execute and file an application for funding for the PROJECT under the Surface Transportation Program (STP) and Congestion Mitigation and Air Quality Improvement Program (CMAQ) of SAFETEA, any extensions of SAFETEA or any successor legislation for continued funding; and, be it further

RESOLVED, that the APPLICANT by adopting this resolution does hereby state that:

1. APPLICANT will provide $21,200 in non-federal matching funds; and
2. APPLICANT understands that the STP/CMAQ funding for the project is fixed at the MTC approved programmed amount, and that any cost increases must be funded by the APPLICANT from other funds; and that
3. APPLICANT does not expect any cost increases to be funded with additional STP/CMAQ funding; and

4. APPLICANT understands the funding deadlines associated with these funds and will comply with the provisions and requirements of the Regional Project Funding Delivery Policy (MTC Resolution No. 3606, as revised); and
5. PROJECT will be implemented as described in the complete application and in this resolution and, if approved, for the amount programmed in the MTC federal TIP; and
6. APPLICANT (for a transit project only) agrees to comply with the requirements of MTC's Transit Coordination Implementation Plan as set forth in MTC Resolution 3866; and
7. APPLICANT and the PROJECT will comply with the requirements as set forth in the program; and, therefore, be it further

RESOLVED, that APPLICANT is an eligible sponsor of STP/CMAQ funded projects; and, be it further

RESOLVED, that APPLICANT is authorized to submit an application for STP/CMAQ funds for the PROJECT; and, be it further

RESOLVED, that there is no legal impediment to APPLICANT making applications for the funds; and, be it further

RESOLVED, that there is no pending or threatened litigation that might in any way adversely affect the proposed PROJECT, or the ability of APPLICANT to deliver such PROJECT; and, be it further

RESOLVED, that APPLICANT authorizes its Executive Director, General Manager, or designee to execute and file an application with MTC for STP/CMAQ funding for the PROJECT as referenced in this resolution; and, be it further

RESOLVED, that the Port Commission authorize its Executive Director to accept and expend the grant funds should they be awarded; and be it further

RESOLVED, that a copy of this resolution will be transmitted to the MTC in conjunction with the filing of the application; and, be it further

RESOLVED, that the MTC is requested to support the application for the PROJECT described in the resolution and to include the PROJECT, if approved, in MTC's TIP.

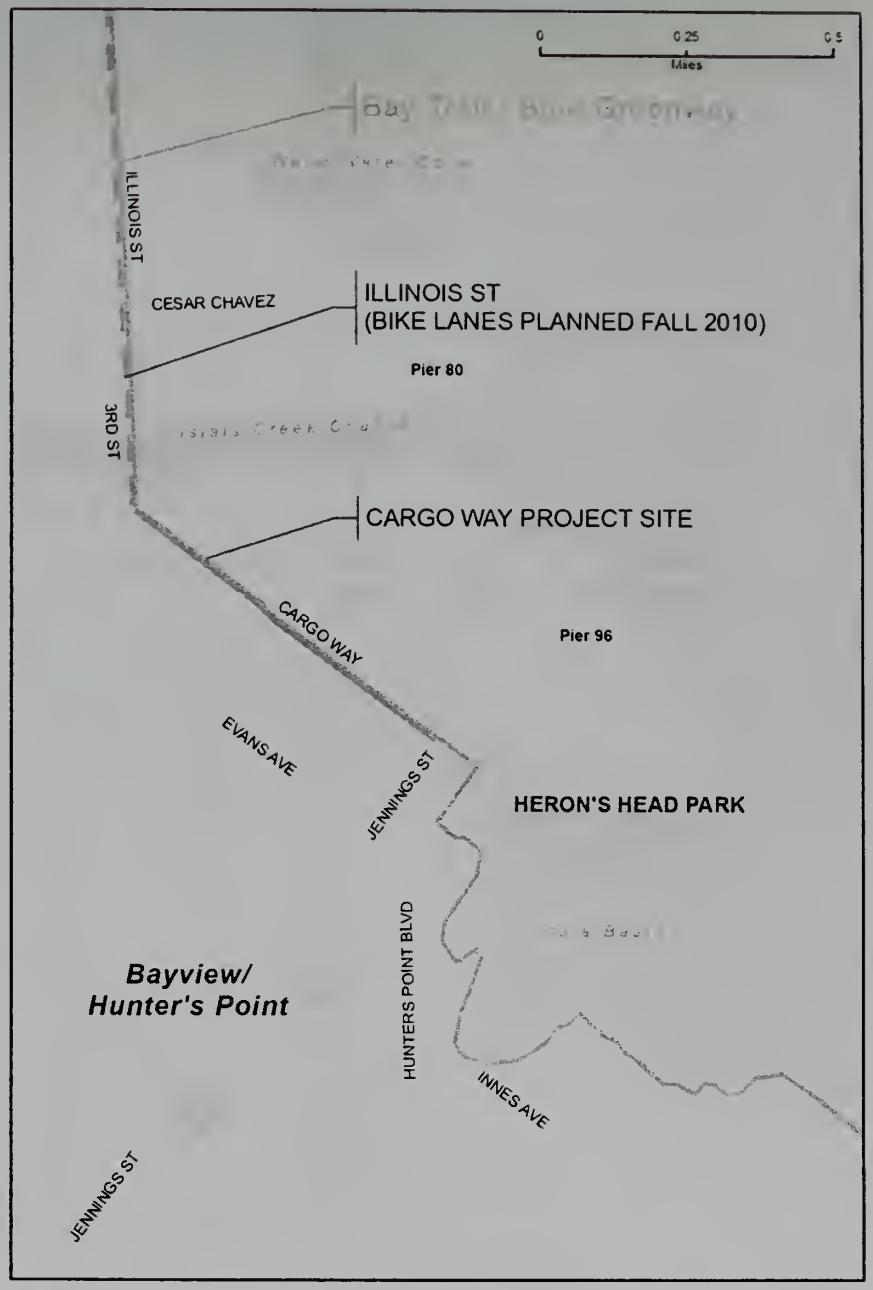
I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of September 14, 2010.

Secretary

Attachment A. Cargo Way Site Location

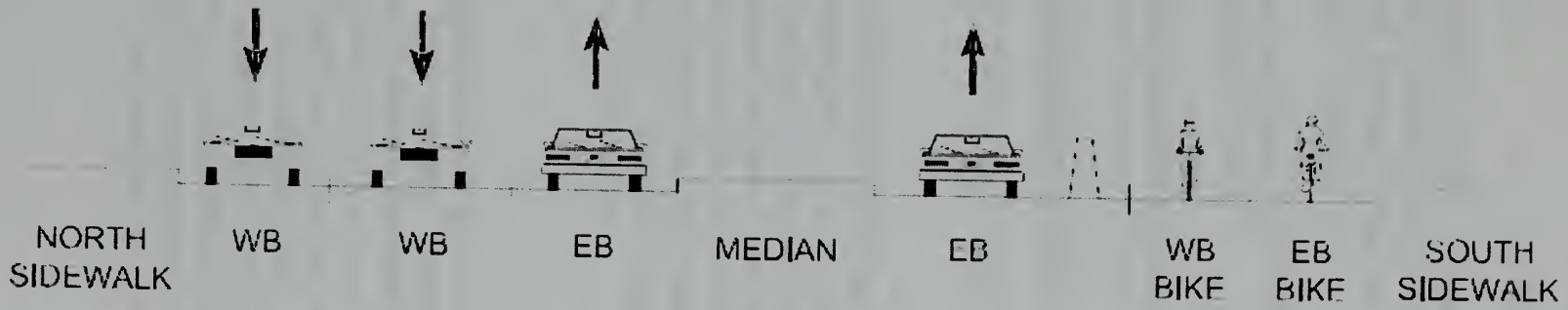


SITE LOCATION



SITE CONTEXT

Attachment B. Initial Improvement Project Concept –



PORT OF SAN FRANCISCO

MEMORANDUM

September 9, 2010

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Kimberly Brandon, Vice President
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Request approval of five year landing rights agreement for water taxi services to Hyde Street Harbor and Pier 1½ to San Francisco Water Taxi Service LLC

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Background

Water taxis are a popular form of transportation at many of the world's major cities, and San Francisco's waterfront may offer advantages for such a service. Last year, Port staff organized a meeting of interested parties regarding the concept of a water taxi service being offered along San Francisco's waterfront. As a result of this meeting and discussion, the Port funded an independent feasibility study to analyze market demand, seasonal flows and identify possible locations for water taxi services. The analysis recommended minimum vessel and operator requirements and examined examples of water taxi operations in other cities.

Discussion

An informational presentation of these findings was made to the Port Commission at its December 8, 2009 meeting. Subsequently the Port issued a Request for Interest (R.F.I.) in operation of a water taxi service along the San Francisco Waterfront with the goal to reach an agreement with a water taxi operator that ensures that such service is run safely, economically, effectively and efficiently while providing transportation services for visitors and residents alike. The Port is desirous that this service utilize at least three embark/disembarkation locations. One of these locations is at Pier 1½ where the Port currently has an agreement for such a service as part of its lease with Pacific Waterfront Partners LLC and the other is at the Hyde Street Harbor. The other locations will need to be identified and established by the water taxi service provider.

This Print Covers Calendar Item No. 9A

A water taxi is defined as a vessel less than 60 feet in length used for transporting passengers on point-to-point trips, which vessel is U.S. Coast Guard certified for intra-coastal passengers for hire and has a maximum capacity of 49 people and shall not be used as a dining vessel. Interested parties were asked to submit a written description of their interest to provide a water taxi service and to detail their maritime business experience, financial capacity, existing fleet or ability to obtain a fleet of vessels for the services described herein, safety record, and any other pertinent experience that qualifies the respondent to provide the requested service.

The Port received four responses to the RFI from the following companies:

- Blue and Gold Fleet
- Red and White Fleet
- Dauntless Charters
- San Francisco Water Taxi LLC

Port staff reviewed each of the letters of interest and determined that San Francisco Water Taxi LLC (SFWT) was the only candidate that proposed a sustainable business model that didn't require a Port subsidy. SFWT proposed a true water taxi operation that will utilize the two Port berthing locations as pick-up/drop-off locations for point-to-point transit to locations throughout San Francisco Bay. Port staff entered into negotiations with SFWT that have resulted in this proposed five year landing rights license agreement for consideration of the Port Commission.

Term:	Five years from October 1, 2010 until September 31, 2015 with one five year option, which if exercised would extend this agreement until September 31, 2020.
Landing Sites:	Pier 1½ and Hyde Street Harbor. The Pier 1½ landing facility is detailed in the Port's lease with San Francisco Waterfront Partners
Use:	Providing for hire water taxi service with passenger embarkation and debarkation at the landing sites and for no other purpose. SFWT may sell branded merchandise and non-alcoholic beverages and snacks to passengers
Fees:	SFWT shall pay a percentage fee in the amount of seven percent 7%) of its gross revenues
Security Deposit:	Five Thousand Dollars ($5,000.00)
Environmental: Review	The use is a continuation of an existing use and is therefore covered under the General Rule exclusion pursuant to the California Environmental Quality Act ("CEQA")
Insurance:	Licensee shall provide insurance coverage acceptable to Port and City Risk Manager

Standard
License Provisions: The landing rights license contains all current license provisions on the standard form approved by the City Attorney's office including, compliance with laws, Port's Right to Terminate, Indemnity and Exculpation and Hazardous Materials, etc.

Recommendation:

Port staff recommend that the Port Commission approve the Landing Rights License Agreement with San Francisco Water Taxi, LLC on the terms and conditions described in the Staff Report.

Prepared by: Peter Dailey
Deputy Director, Maritime

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 10-65

WHEREAS, Charter Section B.3581 empowers the Port Commission with the authority and duty to use, conduct, maintain, manage, regulate and control the lands within the Port jurisdiction; and

WHEREAS, water taxis are a popular form of transportation at many of the world's major cities; and

WHEREAS, as a leading tourist City, San Francisco's waterfront may offer advantages for water taxi service; and

WHEREAS, the Port completed a comprehensive feasibility study of possible water taxi use that concluded that such a service could be commercially viable; and

WHEREAS, Port staff determined that in lieu of a competitive bid process it would solicit, through a more practical Request for Interest ("RFI") procedure, from a wide array of possible perspective service providers as allowed under Port Commission Resolution No. 85-95; and

WHEREAS, the Port subsequently issued a Request For Interest (RFI) to gauge commercial interest in a water taxi service emanating from San Francisco; and

WHEREAS, Blue and Gold Fleet, Red and White Fleet, Dauntless Charters, and San Francisco Water Taxi LLC responded to the RFI; and

WHEREAS, the Port determined that San Francisco Water Taxi LLC offered the best business plan requiring the least financial risk from the Port; and

WHEREAS, Port staff has negotiated a five year landing rights license agreement with San Francisco Water Taxi LLC to operate a water taxi service and allow landings at Pier 1½ and Hyde Street Harbor, "the Landing Rights Agreement License to Land at the Port of San Francisco Pier 1½ and Hyde Street Harbor" or the "Agreement" under which San Francisco Water Taxi will pay Port fees in the amount of 7% of its gross revenues from landings at the Hyde Street Harbor; and

WHEREAS, the landing rights license agreement with San Francisco Water Taxi LLC was reviewed by the Port of San Francisco Planning Department and therefore covered under the General Rule exclusion pursuant to the California Environmental Quality Act ("CEQA"); now therefore, be it

RESOLVED, that the Port Commission hereby approves the Landing Rights License Agreement with San Francisco Water Taxi, LLC on the terms and conditions described in the attached Staff Report and authorizes the Executive Director or her designee to execute the Landing Rights License Agreement; and, be it further

RESOLVED, that the Port Commission authorizes the Executive Director or her designee to make any additions, amendments or other modifications to the Landing Rights License Agreement that the Executive Director, in consultation with the City Attorney, determines are in the best interest of the Port, do not materially increase the obligations or liabilities of the City or Port, and are necessary or advisable to complete the transactions which the Landing Rights License Agreement contemplates and effectuate the purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director or her designee of the Landing Rights License Agreement, and any such amendment thereto.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of September 14, 2010

Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

September 9, 2010

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong; President
Hon. Kimberly Brandon, Vice President
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Request approval of term sheet for Seawall Lot 351(at Embarcadero and Washington Street) as part of the 8 Washington Project

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

SUMMARY

This staff report presents the Term Sheet Port Staff has negotiated for disposition of Seawall Lot 351 (SWL 351), currently a surface parking lot, located on The Embarcadero at Washington Street, in conjunction with the Golden Gateway Tennis and Swim Club site located at 8 Washington Street (GGTSC Site) the adjacent property to the east and north (shown in Exhibit A). San Francisco Waterfront Partners II, LLC (SFWP) was awarded the SWL 351 development opportunity on February 24, 2009 (Resolution 09-12) following a request for proposal process. The Term Sheet presents a conceptual agreement by the parties of the terms of a transaction, based on policy direction by the Port Commission and responding to the Northeast Embarcadero Study (NES) published by the San Francisco Planning Department in May 2010.

SFWP has revised the project it proposed in December 2008 to respond to the NES. The revisions adjust the height and massing of buildings but, generally, result in a project of similar scale.

Staff asks for authority to move forward to negotiate a development agreement with SFWP to include SWL 351 with the adjacent GGTSC Site as part of a single project on the 3.2 acre combined site area (the Project). The transaction would result in a land transfer, guaranteed payments of no less than $5 million dollars to the Port of San Francisco, and a land lease with annual payments of $120,000 per year. In addition, the transaction includes provision for future payments to the Port triggered by resale of condominiums created by the Project. SFWP agrees to include the entire site in a to-be-established Infrastructure Financing District (IFD) that will allow a portion of growth in

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property taxes to be reinvested in public facilities. The IFD funding from the project is estimated starting at $2.5 million annually. No more than $5 million of these funds will be use for project-related public realm improvements recommended in the NES. Port staff has estimated that the tax increment from this project could generate more than $24 million in bonding capacity for other Port projects such as the Pier 27 cruise terminal.

BACKGROUND

On February 24, 2009, by Resolution 09-12, the Port Commission authorized Staff to negotiate and enter into an Exclusive Negotiating Agreement (ENA) with SFWP for development rights for SWL 351 following a competitive request for proposals process. In addition to the standard terms of a Port development project, the Port Commission direction included the following milestones for project review:

1. Engage in a **planning process** [for the combined site] to respond to continuing community concerns about height and massing.
2. Development of a **term sheet** for review and approval by the Port Commission. That term sheet will include at a minimum the following terms:
 - Guaranteed minimum rent ($500,000 per year), annual increases, percentage rent and Port participation in sale and financing proceeds must be set at fair market value and must comply with the terms indicated in the RFP.
 - The developer will be responsible for all development and operating costs of the project and any land exchange or lease agreement will include provisions to ensure the Port has no ongoing costs from this project in perpetuity.
 - Port interest in the land will not be subordinated to any debt or claim.
 - The transaction documents should include specific requirements for creating and retaining public parks, open space, active recreation and public parking as permanent conditions of the project.

The City's Planning Department led the NES planning process that included the 3.2 acre site under consideration as well as other Port properties and the public realm on the land side of The Embarcadero from Washington Street to North Point. The NES was a year-long process which concluded with presentations to the Planning Commission on July 1, 2010 and the Port Commission on July 13, 2010. By resolution on July 8, 2010, the Planning Commission "urge[d] the Port of San Francisco to consider the principles and recommendations proposed in the Northeast Embarcadero Study when considering proposals for new development in the study area and when considering public infrastructure improvements in the study area."

A coalition of neighborhood organizations filed a lawsuit challenging the Planning Commission's July 8, 2010 action on the grounds that it occurred prior to a comprehensive analysis of the NES under the California Environmental Quality Act.

DEVELOPMENT CONCEPT FOR THE PROJECT

The Project is a mixed use project with 165 residential condominiums, a visitor-serving, below grade, parking garage, a re-built private, tennis and swim club, restaurants and retail uses, and new public parks and open spaces.

A new public park is proposed for the portion of the site north of Pacific Avenue, and the 48 foot-wide portion of the site along the Jackson Street right-of-way (Jackson Commons) will become public open space. In exchange for the lands becoming public passageways or parks, portions of SWL 351 would be transferred to SFWP for development of the mixed use project.

Exhibit B includes the revised design. The 3.2 acre site will be bisected by reopening Jackson Street and Pacific Avenue as public passageways, effectively creating three blocks bounded by these new public, pedestrian walkways and the existing Embarcadero, Washington, and Drumm Streets. The uses proposed on these three new blocks are described below:

Washington/Drumm/Jackson/ Embarcadero: This block will include two condominium buildings containing approximately 165 condominiums, ground floor retail and restaurant use and a 3-level underground parking garage. The eastern building, along the Embarcadero, will be between 48 and 70 feet high and will contain approximately 54 residential condominiums, with ground floor retail and restaurant uses. The western building will be between 84 and 136 feet high and will contain approximately 111 residential condominiums, with ground floor retail and restaurant uses.

A three level underground parking garage will be built below this block. The garage will contain up to 255, but no less than 90, public parking spaces available for waterfront visitors and 165 residential condominium parking spaces, for a total of up to 420 parking spaces.

Jackson/Drumm/Pacific/ Embarcadero: The rebuilt Golden Gateway Tennis and Swim Club containing four outdoor ground level tennis courts, a 12,800 square foot fitness center and two outdoor rooftop swimming pools will occupy this block.

Pacific Avenue/Embarcadero/Drumm: The third block, Pacific Avenue Park, will contain approximately 11,000 square feet of public open space and a 4,000 square foot restaurant.

SWL 351 TERM SHEET

The Term Sheet (Exhibit C) sets forth the basic terms and conditions on which the parties agree to further negotiate regarding the development concept, transaction structure, financial and public finance agreements.

Transaction Structure

In the RFP the Port contemplated a long term lease of SWL 351 with minimum annual lease payments of $500,000. SFWP in its December 2008 submittal proposed a

structure that included an internal swap within the combined SWL 351/GGTSC Site and sale of portions of SWL 351. Under the proposed Term Sheet the Port, SFWP and the State Lands Commission would enter into an exchange agreement for portions of SWL 351 and portions of the GGTSC Site. The exchange agreement would result in the removal of the public trust designation on the majority of SWL 351 in exchange for imposing the public trust designation on a portion of the GGTSC Site (as shown in Exhibit B). The trust swap effectuated by the exchange agreement would allow for the sale of portions of SWL 351 for residential development, in exchange for development of public trust open space and restaurant uses on portions of the GGTSC Site that are not currently encumbered by the public trust.

Upon implementation of this trust exchange, SFWP would purchase the majority of SWL 351 from the Port and lease Jackson Commons and Pacific Avenue Park parcel from the Port for 66 years. A 4,000 square foot restaurant sublease parcel would be identified within the Pacific Avenue Park lease.

The residential condominiums would be sold. The developer would lease the retail and restaurant portions of the project to private operators. The developer or future transferee would own the private recreation club. The developer would operate the visitor serving parking garage and be responsible for all operating costs of the site, including the parks and public areas.

Financial Terms

For the sale of the majority of SWL 351 the Port will receive a $3 million guaranteed payment upon stabilization (defined as one year following receipt of a temporary certificate of occupancy) of the Project. Additionally SFWP must record covenants committing all owners to transfer payments to the Port of ½ percent of sale value for all sales of the residential condominiums and all sales of commercial condominiums except the first sale. The Golden Gate Tennis and Swim Club as a recreational amenity is excluded from the transfer payment structure. SFWP will guarantee a minimum of $2 million from the initial transfer payments from the residential condominiums created by the Project.

SFWP will lease the remainder of SWL 351(a portion of the Jackson Commons) and the exchange parcels (Pacific Avenue Park) for use as publicly accessible open space. SFWP will complete public improvements and then lease these parcels for 66 years, paying $120,000 per year upon completion. Rent will be adjusted every 5 years by the CPI with a minimum increase of 2% and a maximum of 4% per annum. The Project will be responsible for all operations and maintenance of this open space in perpetuity. SFWP proposes restaurant, café and other concession uses in the park parcels. The Port will receive 15% of gross rent from any restaurant or other concession use income generated within these areas.

During the construction period SFWP will pay the Port $60,000 per year.

Public Finance

SFWP will be required to include the GGTSC Site in an Infrastructure Financing District (IFD) as a requirement of acquiring SWL 351. Following Board approval of the IFD (that includes GGTSC Site) formation, up to $5 million of certain project related off-site public improvement costs (to be defined) will be funded with IFD tax increment funds. These improvements will implement the public realm improvements (including sidewalk widening, street furnishings, etc.) recommended in the Northeast Embarcadero Study.

The Port agrees to use best efforts to cooperate with SFWP to include SWL 351 in a Mello-Roos Community Facilities District (CFD). CFD assessments would be applied to property within the Project site, and CFD funds will only be used for capital and maintenance costs for public components of the Project. If engineering and cost analyses deem additional funding is needed to finance agreed upon public improvements, the Port agrees to designate some or all of the $120,000 per year park rent to augment CFD financing of these public improvements.

Analysis of Financial Terms

As outlined above the Port will receive multiple payment streams in consideration for entering into this transaction with SFWP. The Port will receive $5 million in land payments (including guaranteed transfer payments from the first sales of the residential condominium units) at or near stabilization of the Project. After the initial sales during the stabilization period, all subsequent commercial and residential condominium sales are subject to transfer payments to the Port. These are conservatively projected to total $25.3 million over 66 years with an estimated net present value (NPV) of $3.1 million.

The Port would also receive lease revenue from short term construction rent and the long term park lease. Expected construction lease revenue is $180,000, and park lease revenue is projected at $25,307,464 over the 66 year life of the park lease. These lease revenues are projected to have an NPV of approximately $2.4 million. Additionally the Port could receive percentage rents from any commercial uses in the parks area, projected at $4.8 million over the life of the lease with an estimated NPV of $400,000.

Project Port Revenue

Source	Total	Net Present Value
Land Payments	$3,000,000	$2,448,894
Transfer Payments		
First Transfer	$2,000,000	$1,632,596
Subsequent Transfers	$25,307,464	$3,160,912
Construction Period Rent	$180,000	$157,459
Long-term Park Lease	$ 22,781,676	$2,277,641
Restaurant Lease	$4,780,586	$412,732
Total	**$58,049,726**	**$10,090,234**

In total it is expected that the NPV of the Port's compensation would be approximately $10.1 million. This compares favorably to the $9.6 million NPV of $500,000 annual rent proposed in SFWP's RFP submittal and represents fair market compensation for the

sale of Seawall Lot 351. Given the development constraints of SWL 351 this value exceeds the value of stand alone development on SWL 351. Over half of this value is in the form of short term guaranteed payments providing the Port Commission monies to contemplate investing in other needed waterfront improvements. Additionally, long term transfer payments from sales and resales of condominiums represents a new revenue source for the Port.

The Project is expected to generate approximately $400 million on new assessed value on the combined Project site. By agreeing to include both SWL 351 and the GGTSC site in a new Port IFD (subject to the approval of the Board of Supervisors) the Port can expect over $2.5 million of tax increment to flow to the Port annually. This revenue will flow to the Port for up to 40 years and will likely increase over time. Port staff has estimated that the tax increment from this project could generate more than $24 million in bonding capacity for other Port projects such as the Pier 27 cruise terminal.

This transaction guarantees short term payments, enhances long term lease revenue and provides the Port with a new mechanism to participate in the long term appreciation of this real estate asset. Given the current state of the real estate and financing markets the finance structure allows the Port to unlock the value of the site by accepting payments at stabilization and receiving long term participation in the financial upside of the Project.

PUBLIC COMMENT/CONCERNS

As evidenced by the extensive comments on the NES study throughout its duration and when presented at both Port and Planning Commissions, there is substantial public sentiment both in support of and in opposition to this Project. The Port Commission has held 7 public hearings on this project concept since May 2006 and 2 on the NES. Additionally, the NES effort included 5 community meetings and 2 Planning Commission presentations.

It is worth noting that the proposed Project includes a re-built tennis and swim club and the Port expects that the final Project approvals will include agreements by SFWP granting rights to current tennis and swim club members for future use. Similarly, the proposed Project replaces, and expands, the amount of public parking for waterfront visitors. The final transaction documents will address provision of parking during the construction period.

NEXT STEPS

If the Port Commission endorses it, the Term Sheet will be submitted to the Board of Supervisors ("Board") for endorsement. The Board action will include public hearings and opportunities for public comment. The Board review of the Term Sheet is consistent with the recommendations of the 2004 Management Audit of the Port by the Board of Supervisor's Budget Analyst as a means of providing the Board with an "early read" on Port development projects. It should be noted that, under the financial structure proposed in the Term Sheet, the Port will not seek the Board's determination

of financial feasibility under Administrative Code Chapter 29 because tax increment funds and Mello-Roos special taxes are not public funds for the purpose of the ordinance.

If the Commission and the Board endorse the Term Sheet, Port staff will move forward with environmental review, project design review, public trust analysis, and negotiation of transaction documents for the Project. Throughout this process, there will be numerous opportunities for public comment and review of the proposed Project. A draft environmental Impact report is expected to be published in late 2010 or early 2011. Further Port Commission consideration will occur after that report is certified by the Planning Commission.

RECOMMENDATION

Port staff recommends that the Port Commission approve the attached resolution endorsing the Term Sheet shown in Exhibit C.

Prepared by: Kathleen Diohep, Project Manager
Jonathan Stern, Assistant Deputy Director
Waterfront Development

For: Byron Rhett, Deputy Director
Planning & Development

Exhibits

A. Site Map
B. Project Proposal
C. Term Sheet

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 10-66

WHEREAS, Charter Section B3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate, and control the lands within Port jurisdiction; and

WHEREAS, The Port owns Seawall Lot 351 ("SWL 351"), located at Washington and The Embarcadero as shown on the map attached as Exhibit A; and

WHEREAS, By Resolution 09-12, the Port Commission awarded to San Francisco Waterfront Partners II, LLC ("SFWP") an exclusive right to negotiate with the Port to develop SWL 351 in combination with 8 Washington Street; and

WHEREAS, SFWP entered into an Exclusive Negotiating Agreement, effective August 26, 2009 (the "ENA"), setting forth the process, terms, and conditions upon which the Port and SFWP agreed to negotiate certain transaction documents for the disposition and development of SWL 351 and requiring the Port and SFWP to negotiate a Term Sheet to describe the basic elements of the proposed project, site plan, use program, economic parameters, and other fundamental terms that will serve as the basis for negotiating the transaction documents; and

WHEREAS, Resolution 09-12 also directed SFWP and Port staff to participate in the Northeast Embarcadero Study, (the "NES") a community planning process led by the San Francisco Planning Department, as recommended in the February 19, 2009 letter to the Port Commission from Supervisor David Chiu; and

WHEREAS, The Planning Department presented the NES recommendations on July 8, 2010 to the Planning Commission and on July 13, 2010 to the Port Commission; and

WHEREAS, SFWP has submitted an updated building proposal for the Site in combination with 8 Washington Street (the "Project"), responding to the recommendations of the NES, attached as Exhibit A, describing the Project; and

WHEREAS, SFWP and Port staff have negotiated the Term Sheet attached as Exhibit B, which specifies that, if the Project is approved and developed, the Port would receive land payments representing fair market value for the portions of SWL 351 proposed to be conveyed to SFWP; now therefore, be it

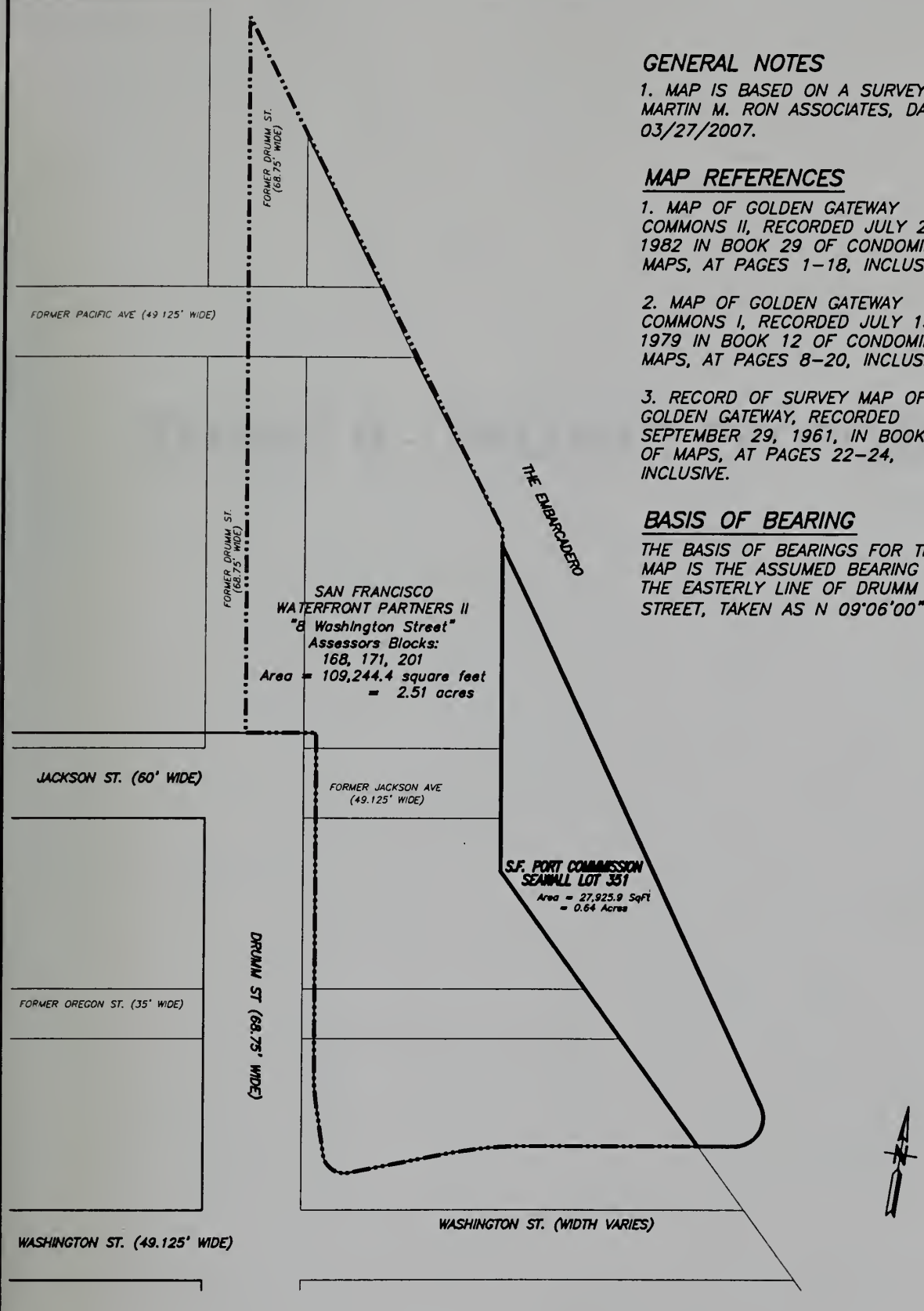
RESOLVED, That the Port Commission hereby approves the Term Sheet and authorizes and directs the Executive Director of the Port, or her designee, to execute the Term Sheet and to initiate any regulatory actions needed for the Project, with the understanding that the final terms and conditions of any development agreement, lease, and related documents negotiated between Port staff and SFWP during the exclusive negotiation period will be subject to the approval of the Port Commission; and, be it further

RESOLVED, That the Port Commission authorizes and directs the Executive Director of the Port, or her designee, to present the Term Sheet to the Board of Supervisors for its review and endorsement, and if the Board of Supervisors fails to endorse the Term Sheet, to either terminate the ENA or negotiate for a revised Term Sheet for the Port Commission's consideration in accordance with Section 3.3(b) of the ENA; and, be it further

RESOLVED, That approval of the Term Sheet and direction to Port staff do not commit the Port Commission to approval of final Transaction Documents and that the Port Commission will not take any discretionary actions committing it to the Project until it has reviewed and considered environmental documentation prepared in compliance with the California Environmental Quality Act ("CEQA").

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of September 14, 2010.

Secretary



GENERAL NOTES

1. MAP IS BASED ON A SURVEY BY MARTIN M. RON ASSOCIATES, DATED 03/27/2007.

MAP REFERENCES

1. MAP OF GOLDEN GATEWAY COMMONS II, RECORDED JULY 22, 1982 IN BOOK 29 OF CONDOMINIUM MAPS, AT PAGES 1–18, INCLUSIVE.

2. MAP OF GOLDEN GATEWAY COMMONS I, RECORDED JULY 13, 1979 IN BOOK 12 OF CONDOMINIUM MAPS, AT PAGES 8–20, INCLUSIVE.

3. RECORD OF SURVEY MAP OF GOLDEN GATEWAY, RECORDED SEPTEMBER 29, 1961, IN BOOK T OF MAPS, AT PAGES 22–24, INCLUSIVE.

BASIS OF BEARING

THE BASIS OF BEARINGS FOR THIS MAP IS THE ASSUMED BEARING OF THE EASTERLY LINE OF DRUMM STREET, TAKEN AS N 09°06'00" W.

EXHIBIT A

DRAWN BY: AMN | DATE: 31 JUL 2009
CHECKED BY: K. DIONEP | SCALE: 1" = 100'
PLACE CODE NO. 3510–00 | SHEET NO. 1 OF 1 SHEETS

TENANT
EXCLUSIVE RIGHT TO NEGOTIATE
S.F.WATERFRONT PARTNERS II, LLC

SAN FRANCISCO PORT COMMISSION
PORT OF SAN FRANCISCO
DEPARTMENT OF ENGINEERING

LEASE NO.

G:\06 PROPERTY FILES\LEASE MAPS\DRAWINGS—EXHIBITS\L351\L351_SITE.DWG

EXHIBIT B – PROJECT PROPOSAL



SITE PLAN

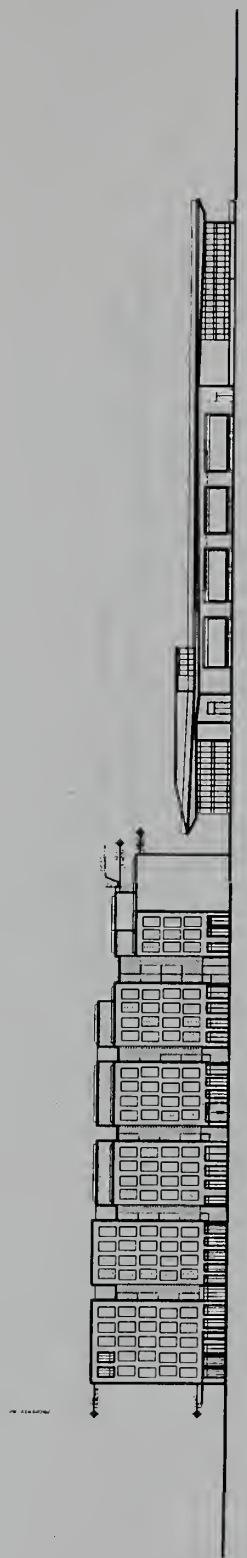
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GROUND LEVEL FLOOR PLAN

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SOM

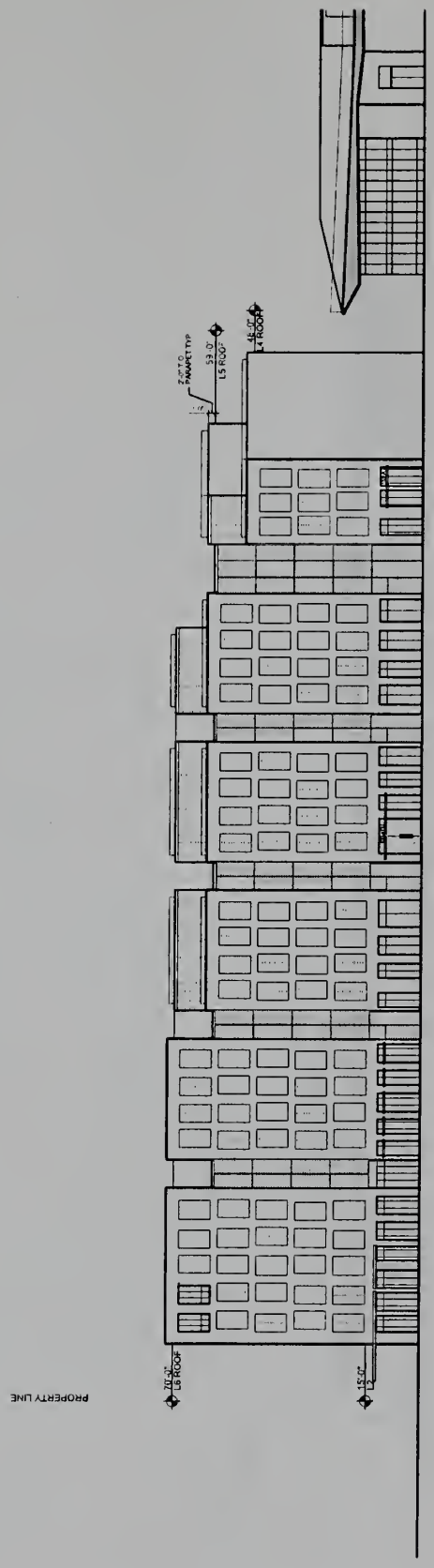


EAST ELEVATION (EMBARCADERO)

ASP 0638.01.R3
2010.07.23

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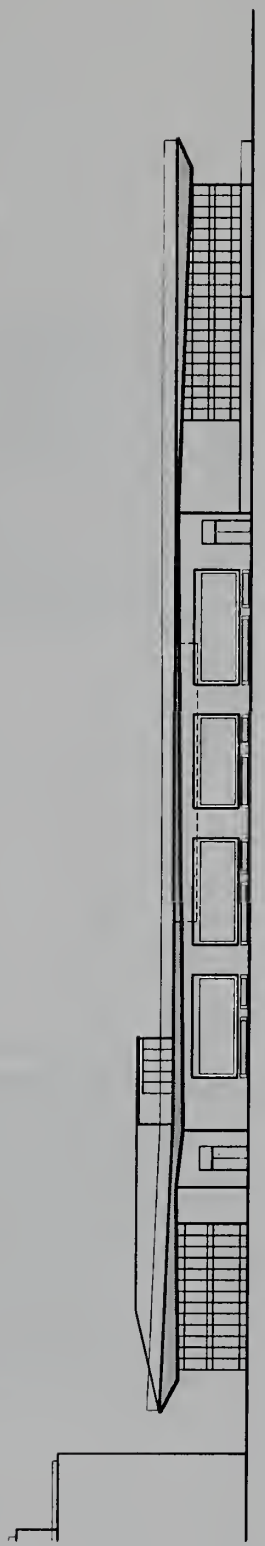
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EAST ELEVATION SOUTH OF JACKSON

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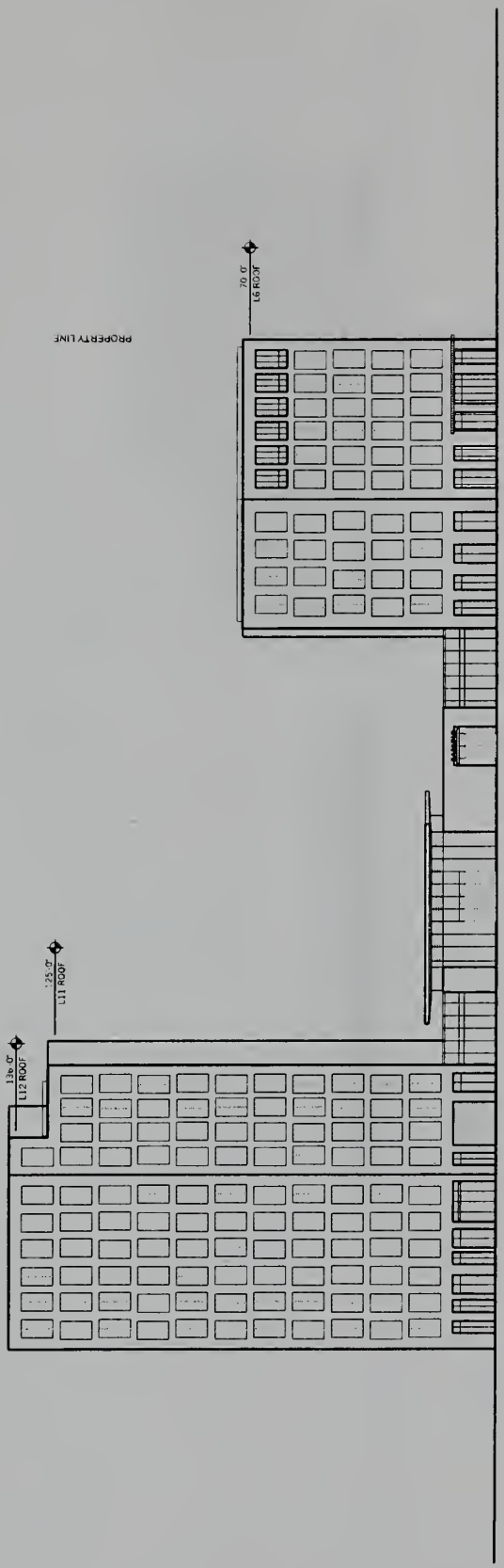
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EAST ELEVATION NORTH OF JACKSON

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SOM

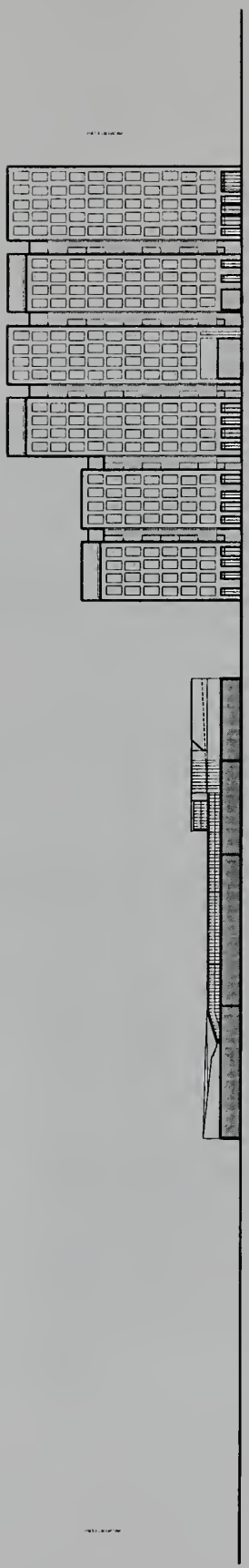


SOUTH ELEVATION (WASHINGTON ST)

ASW 0038.04-R3
2010.07.23

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SOM

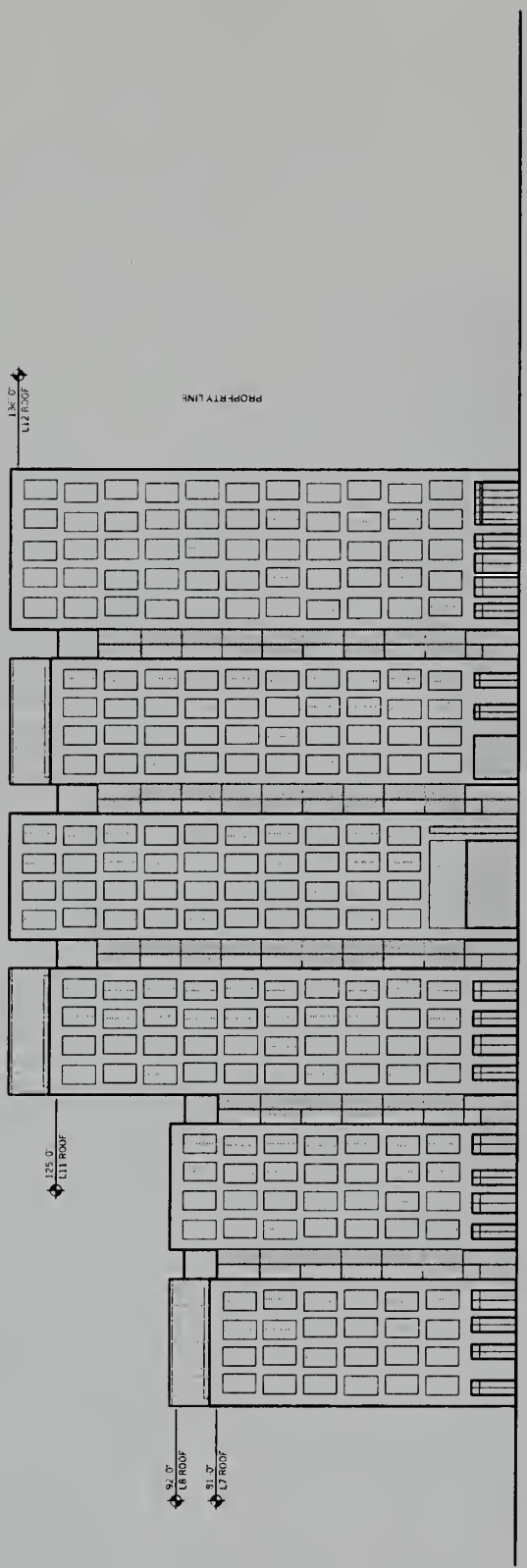


WEST ELEVATION (DRUMM ST)

ASI 0038.05-R4
2019.07.23

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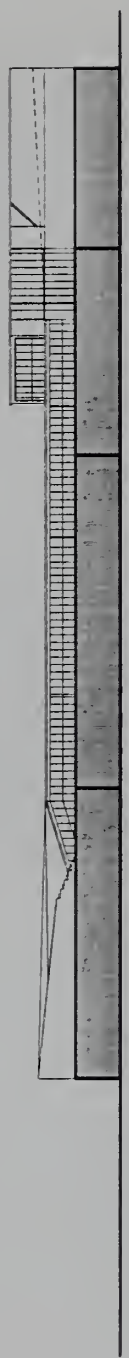


WEST ELEVATION SOUTH OF JACKSON

ASP 0038-06-R4
2010.07.23

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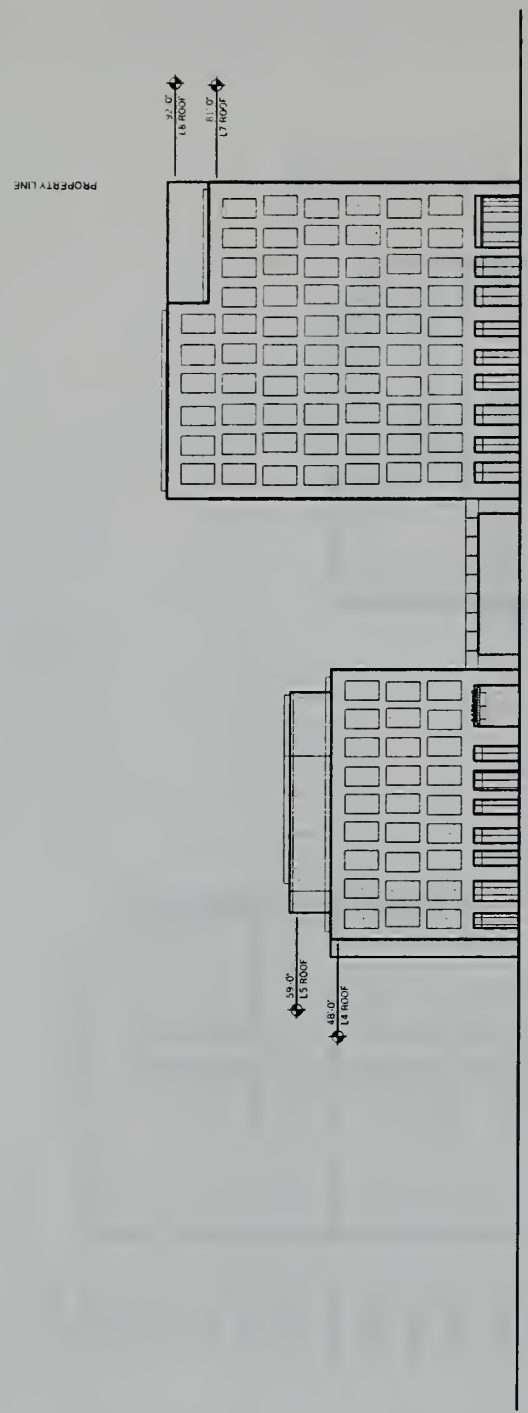
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WEST ELEVATION NORTH OF JACKSON

0 16' 32' 64'

SOM



NORTH ELEVATION (JACKSON)

0 16' 32' 64'

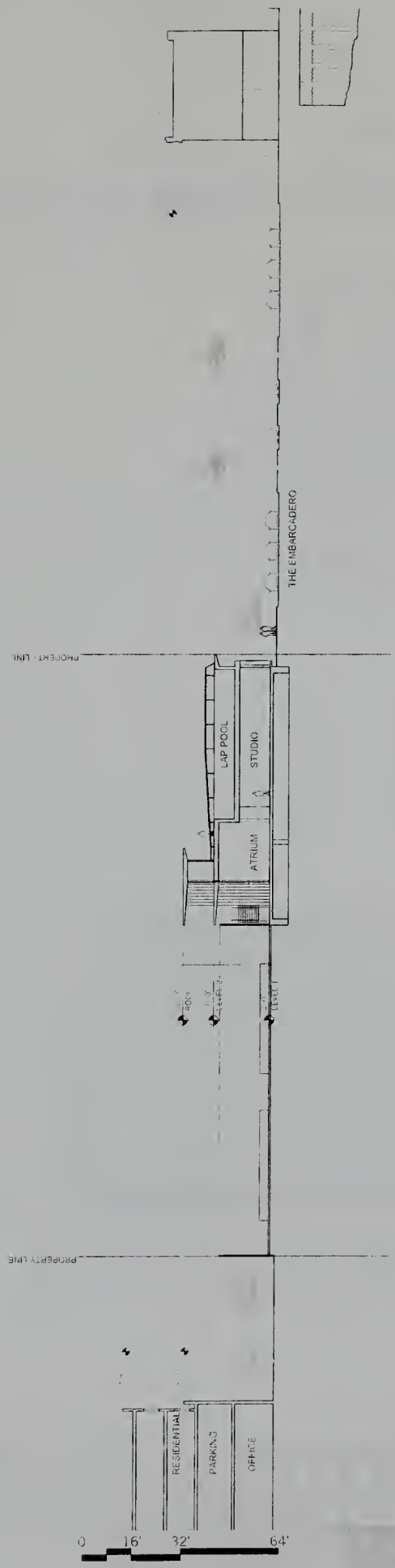
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EAST-WEST SOUTH OF JACKSON SECTION

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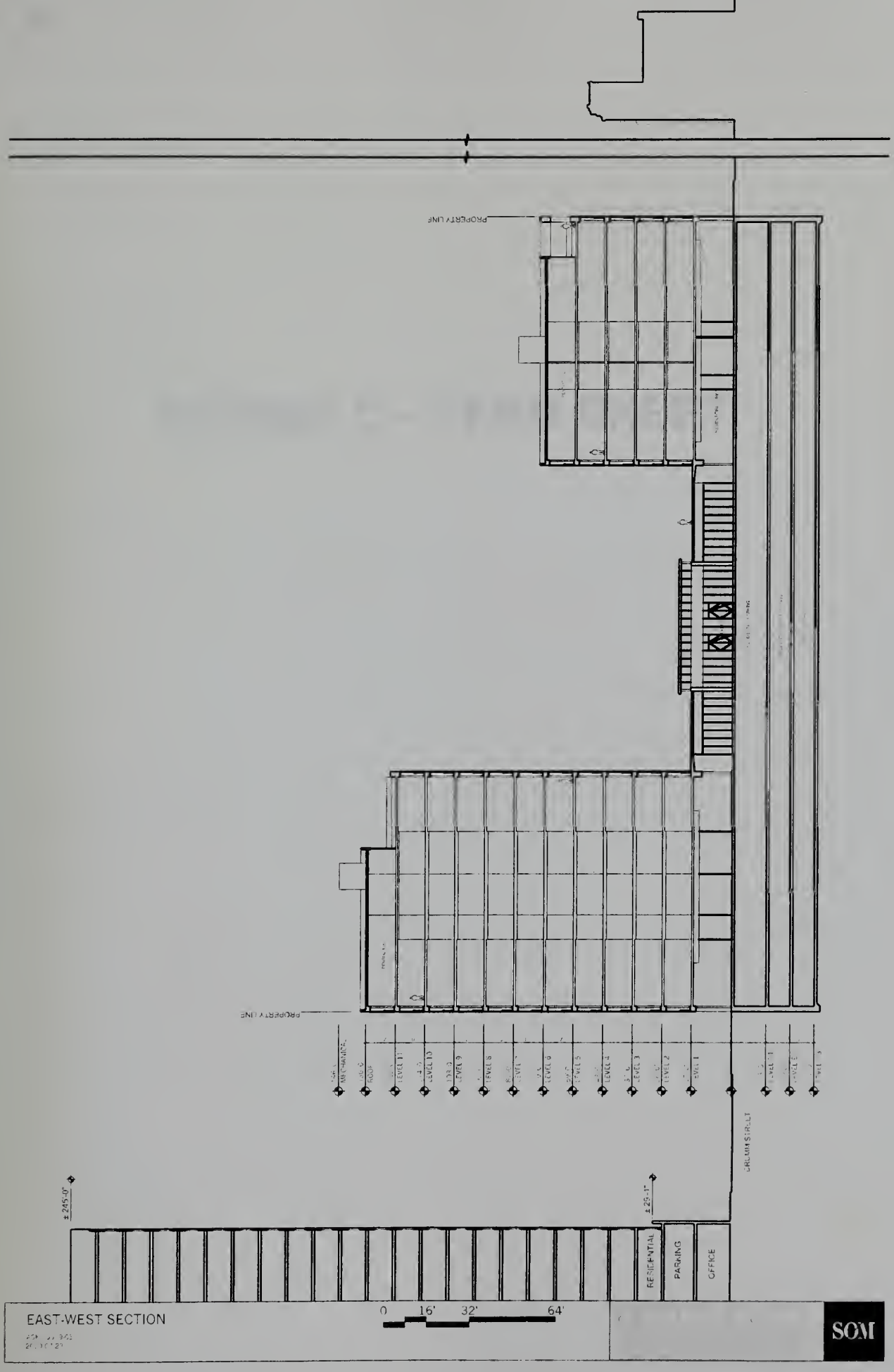
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EAST-WEST SECTION

EXHIBIT C – TERM SHEET

September 8, 2010

Ms. Kathleen Diohep
Project Manager
Port of San Francisco
Pier 1, The Embarcadero
San Francisco, CA 94111

Subject: Initialed term sheet for SWL 351

Dear Kathleen,

Please find enclosed the updated and final version of the initialed Term Sheet for the acquisition and development of Port SWL 351 as part of the 8 Washington Project.

Kind regards,

Simon W.R. Snellgrove
Principal

cc. Monique Moyer, Port of San Francisco
Byron Rhett, Port of San Francisco
Jonathan Stern, Port of San Francisco
Joanne Sakai, Deputy City Attorney
Neil Sekhri, Gibson Dunn Crutcher
Alicia Esterkamp, Pacific Waterfront Partners
Paul Osmundson, Pacific Waterfront Partners

EXHIBIT C

Proposed Term Sheet for SWL 351 / 8 Washington Project between Port of San Francisco and San Francisco Waterfront Partners II, LLC

This Term Sheet, dated as of September 14, 2010 for reference purposes only:

- Is attached as Exhibit C to and a part of the Exclusive Negotiation Agreement (the "ENA") between the Port of San Francisco (the "Port") and San Francisco Waterfront Partners II, LLC ("SFWP" or "Tenant");
- Sets forth the basic terms and conditions on which the parties agree to further negotiation regarding the development concept and uses described below (the "Project") and that will be refined and set forth in more detail in a disposition and development agreement, a purchase and sale agreement. a ground lease, and related transaction documents between the Port and Tenant (the "Transaction Documents"); and
- Along with any underlying documents such as proformas, is not intended to be, and will not become, contractually binding until the parties execute and deliver the Transaction Documents.

Under the San Francisco Charter, no officer or employee of the City and County of San Francisco (the "City") has authority to commit the City to the Project until the San Francisco Port Commission has approved the transaction and the San Francisco Board of Supervisors has approved the lease.

Sec.	Provision	Terms
1.	Parties	Landlord: Port Tenant: San Francisco Waterfront Partners II, LLC, a limited liability company of which Pacific Waterfront Partners, LLC and the California State Teachers Retirement System are members
2.	Premises	Jackson Commons and Pacific Avenue Park
3.	Lease Term	66 years
4.	Site	SWL 351, ± 27,937 sf at Washington Street and The Embarcadero, and Blocks 201,168 and 171 commonly known as 8 Washington Street, for a total of ± 138,681 sf bounded by Washington Street, The Embarcadero, and Drumm Street.
5.	Proposed Project	The Port and SFWP will seek a realignment of the public trust at the Site. If approved by the State Lands Commission, the land will be cleared and subdivided, and the Port will sell the portion of SWL 351 from which trust use restrictions have been lifted (the "Port Transfer Parcel") to SFWP. Development will proceed on parcels or subareas for the uses described below: Washington/Drumm/Jackson/ Embarcadero: Two condominium buildings with ± 165 condominiums, ground floor retail and restaurant use, and a 3-level underground parking garage.

Accepted by Port : _____ Accepted by SFWP: _____

Sec.	Provision	Terms
		The eastern condominium building will be between 48 and 70 feet high and will contain ± 54 residential condominiums. The western condominium building will be between 84 and 136 feet high and will contain ± 111 residential condominiums. Former Jackson Street Right of Way: Public open space ("Jackson Commons"). Jackson/Drumm/Pacific/ Embarcadero: The existing Golden Gateway Tennis and Swim Club ("GGTSC") will be rebuilt with 4 outdoor ground level tennis courts, a 12,800 sf fitness center, and 2 outdoor rooftop swimming pools. Pacific Avenue: Public open space ("Pacific Avenue Park") that will contain ± 11,000 sf of public open space and a 4,000 sf restaurant. Underground Parking: A 3-level underground parking garage will be built below the block bounded by Washington Street, Drumm Street, Jackson Street and The Embarcadero, containing up to 255 public parking spaces available for waterfront visitors (the "Public Parking Garage") and 165 residential condominium parking spaces, for a total of up to 420 parking spaces.
6.	Financial Terms	Purchase Price for Port Transfer Parcel: • Land Payment: $3,000,000 due upon stabilization, defined as one year following receipt of Temporary Certificate of Occupancy (TCO) for the Project. • Transfer Payments: 0.5% of sale value of: (i) all residential condominium unit sales in perpetuity; (ii) all commercial condominium unit sales (excluding the GGTSC parcel) after the first sale in perpetuity, enforceable through recorded covenants on each unit. • Land Payment Guaranty: SFWP must guarantee payment of the Land Payment no later than 1 year following receipt of a TCO for the Project. • Transfer Payment Guaranty: SFWP must guarantee a minimum of $2,000,000 from the Transfer Payments, payable not later than the close of escrow of the sale of the last residential condominium unit in the Project. Ground Rent for Jackson Commons/Pacific Avenue Park: • Base Rent: $120,000 annually commencing on the completion of the improvements, adjusted every 5 years by the CPI with a minimum increase of 2% and a maximum of 4% per annum. • Percentage Rent: 15% of gross rents received by Tenant from any restaurant or other concession use income

Accepted by Port : _____ Accepted by SFWP: _____

Sec.	Provision	Terms
		generated within Pacific Avenue Park. Construction Period Rent for SWL 351: $60,000 per year.
7.	Management Plan	Residential condominiums (including common open space): SFWP will sell the units and common areas, subject to covenants in a master homeowners association ("HOA") agreement. Jackson Commons/Pacific Avenue Park (excluding the commercial spaces): SFWP will lease the public open spaces to the HOA, which will manage the public and residential condominium common open space areas and provide security at its expense. Commercial spaces in Pacific Avenue Park: SFWP will lease and select the operators. GGTSC: SFWP or the Golden Gateway Center will own and select the operator. The Port has no role in GGTSC.
8.	Public Parking Garage	Will include up to 255 but in no event fewer than 90 parking spaces for visitors to the Ferry Building Area. SFWP will build, finance, and is expected to own the Public Parking Garage and receive all revenue from it. No public funds generated by development on SWL 351 will be used for garage development, operations, or maintenance costs. Parking during construction and entitlement period will be addressed in the Transaction Documents. If the Public Parking Garage is publicly-owned or financed, a separate financial agreement will be negotiated to address costs and revenues.
9.	Transactions	Public Trust Exchange Agreement: The Port, SFWP, and the State Lands Commission will enter into an exchange agreement under which trust use restrictions will be lifted from the Port Transfer Parcel and trust use restrictions will be imposed on portions of Blocks 168 and 171 at 8 Washington Street. The exchange agreement will allow the sale of the Port Transfer Parcel for residential development, in exchange for development of public trust open space and restaurant uses on portions of Blocks 168 and 171 that are not currently encumbered by the public trust. Purchase and Sale Agreement: Upon implementation of the trust exchange, SFWP will purchase the Port Transfer Parcel

Accepted by Port : _____ Accepted by SFWP: _____

Sec.	Provision	Terms
		in fee from the Port for the Purchase Price. Public Open Space Lease: SFWP will lease Jackson Commons and Pacific Avenue Park from the Port for 66 years. Pacific Avenue Park will include a 4,000 sf restaurant sublease parcel.
10	Hotel Use	The EIR for the Project will include an alternative that includes a hotel as part of the overall project.
11.	Open Spaces, Parks and Recreation	Jackson Commons and Pacific Avenue Park will be permanently restricted to public open space, with the exception of the restaurant sublease parcel. SFWP or the HOA will be permanently responsible for all costs of maintaining the public open spaces. The rebuilt GGTSC will be permanently restricted to recreation uses through a deed restriction or other mechanism.
12.	IFD	SFWP will include Blocks 201,168, and 171 in an Infrastructure Financing District (IFD) as a requirement of acquiring SWL 351. Upon approval of the IFD (with Blocks 201,168, and 171), up to $5 million of certain Project-related costs for public improvements (to be defined) on publicly-owned or dedicated property will be funded with IFD funds. These improvements will implement the public realm improvements (including sidewalk widening, street furnishings, etc.) on publicly-owned or dedicated property as recommended in the Northeast Embarcadero Study.
13.	CFD	The Port will use best efforts to cooperate with SFWP to include the Site in a Community Facilities District (CFD). CFD assessments would be applied to the Project only and CFD funds will only be used for capital and maintenance costs for public components of the Project, including development costs for the Public Parking Garage and the public open spaces. If engineering and cost analyses conclude that additional funding is needed to finance agreed-upon public improvements, the Port will designate some or all of the public open space ground rent to augment CFD financing of these public improvements.

Accepted by Port : _____ Accepted by SFWP. _____

SAN FRANCISCO
PORT COMMISSION

SEPTEMBER 14, 2010
MINUTES OF THE MEETING

GOVERNMENT
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AMY QUESADA, COMMISSION SECRETARY

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE MEETING
SEPTEMBER 14, 2010

1. CALL TO ORDER / ROLL CALL

Commission President Rodney Fong called the meeting to order at 2:05 p.m. The following Commissioners were present: Rodney Fong, Kimberly Brandon and Ann Lazarus.

2. APPROVAL OF MINUTES - August 19, 2010

ACTION: Commissioner Brandon moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor; the minutes of the August 19, 2010 were adopted.

3. PUBLIC COMMENT ON EXECUTIVE SESSION

4. EXECUTIVE SESSION

A. Vote on whether to hold closed session.

ACTION: Commissioner Lazarus moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor.

At 2:06 p.m., the Commission withdrew to executive session to discuss the following:

An Executive Session has been calendared to discuss the following matters:

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTERS:

a. Discuss existing litigation matters pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d).

- City and County of San Francisco by and Through its Port Commission vs. Carl Ernst, Jr. and Pier 38 Maritime Recreation Center, Inc. and Does 1 through 10; California Superior of the State of California for the County of San Francisco (CUD 07-621476)

- City and County of San Francisco by and Through its Port Commission vs. Carl Ernst, Jr. and Pier 38 Maritime Recreation Center, Inc. and Does 1 through 10; California Court of Appeals (Case No. A121104)

 Proposed Action: Approval of Settlement Agreement whereby the Port agrees to pay to Carl Ernst, Jr. $30,600 for attorney's fees and each party waives and releases all claims for attorney's fees arising out of the lawsuit.

b. Discuss existing litigation matter pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d).

- City and County of San Francisco by and through its Port Commission vs. Carl Ernst, Jr. and Does 1 through 10; California Superior of the State of California for the County of San Francisco (CUD 09-631352)

c. Discuss existing litigation matter pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d).

- Neighbors to Preserve the Waterfront, et al. v. City and County of San Francisco, et al.; California Superior Court of the State of California for the County of San Francisco (Case No. CPF-10-510634).

5. RECONVENE IN OPEN SESSION

At 3:20 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Brandon made a motion to adjourn executive session and reconvene in open session; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Brandon made a motion not to disclose any information discussed in executive session except that the Port Commission approved the settlement agreement with Carl Ernst and Pier 38 Maritime Recreation Center (CUD 07-621476)

Port Legal Counsel Robert Bryan added that the Port Commission approved the settlement agreement which paid Mr. Ernst $30,600 for attorney's fees.

Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

6. **ANNOUNCEMENTS:** The Commission Secretary announced the following:

A. **Announcement of Prohibition of Sound Producing Devices During the Meeting**

Please be advised that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

B. **Announcement of Time Allotment For Public Comments**

Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

7. **EXECUTIVE**

A. Executive Director's Report: Executive Director Monique Moyer reported the following:

- San Francisco Arts Commission Gallery and Photo Alliance Exhibition: Night/Light: Bay Area Photographers Take Aim at the Night featuring photos by Jay Ach – September 16, 2010 to January 14, 2011 at City Hall

 One of the San Francisco Arts Commission's missions is to showcase work of local artists. A couple of months ago, the Arts Commission put out a competition for photographs to be displayed at City Hall. Jay Ach, the Port's regulatory specialist and fantastic hobbyist photographer, submitted photographs of his own to the competition and three of his works were selected. There were a total of 185 entries. 26 artists will be part of the exhibition which will take place starting September 16 and will run through January 14 in the lower level basement of City Hall, where the City has one of its many art galleries. The exhibition is called Night/Light: Bay Area Photographers Take Aim at the Night. Jay's photos that are going to be displayed are (1) the aggregate unloader at Pier 94; (2) the Mercy Bulbous Bow and Skyline, Drydock #2; and (3) the Star Princess in Drydock #2. Kudos and congratulations to Jay; a scientist who can take great pictures. He's quite talented.

- Third Annual "A Taste of South Beach and Mission Bay" Street Fair - September 25, 2010 at Pier 40

 The South Beach/Mission Bay Business Association third annual "A Taste of South Beach and Mission Bay Street Fair" will be held on Saturday, September 25, 2010 at Pier 40 in South Beach, located in the

Embarcadero between the Java House and AT&T Park in Mission Bay. The goal of the fair is to bring attention to the South Beach community just like any other neighborhood fair would be. There will be a display of outstanding local cuisine and various entertainment. It should be a great event. Hopefully, there will be a good turnout. Proceeds will benefit not only the neighborhood but also Project Open Hand.

- SalmonAid's kickoff of Salmon Month – September 26, 2010 at Aquarium of the Bay

 September is salmon month and there have been all kinds of events happening sponsored by the San Francisco Aquarium of the Bay and Salmon Aid Coalition, of which the Port is also a sponsor. There have been all kinds of fun and informative exhibits all month long. There was a Go Wild Gala which was held on September 1st. There has been film and storytelling with respect to Ocean Film Festival. There was a "Meet Your Fisherman," a book reading and discussion with local fishermen, which took place September 10th. September 19 and 20 is kids' weekend. On September 26, there will be a music festival. The Salmon Aid Coalition brings together conservation, commercial and sports fishing organizations for the purpose of alerting the general public to the importance of the salmon industry and its threats towards with the hope that more people will get involved in protecting the industry. The Port is pleased to participate in this event.

- Piero Patri Fellow Final Concept Plan Presentation for the Third and Cargo Southern Waterfront Gateway Site – September 28, 2010 at 6:30 p.m. at Pier 1

 Some time ago, Port staff briefed the Port Commission that the Piero Patri Fellowship was getting underway. This Fellowship was sponsored by AECOM. This year's Fellow is Eustacia Brossart. She picked the Port's Third Street and Cargo Way Gateway, which is the site bounded by Illinois and 3rd Streets, Cargo Way and Islais Creek in the Port's southern waterfront. She has a master's degree in landscape architecture from UC Berkeley and her concept plan is building upon all of the work that David Beaupre and others have done to date with the community in trying to envision something at that Gateway site. She will be presenting her plan on September 28, 2010 at 6:30 p.m. at Pier 1. This is the fourth year of the Piero Patri Fellowship. It got started with the assistance of SPUR. The last three projects included Warm Water Cove, Islais Creek and the Embarcadero Boulevard bike facility.

- Release of Pier 70 Waterfront Site Request for Developer Qualifications – August 30, 2010

 On August 30, 2010 the Port released its Request for Qualifications for the waterfront development opportunity site at Pier 70. It is approximately a

20-acre site along the water's edge in the southeast corner of Pier 70. The Request for Qualifications is due on November 18, 2010. So far, more than 150 people have shown interest for that site. We hope that it will lead to great and creative ideas. The site allows for 2.5 million square feet of new buildings and 260,000 square feet of historic rehab. It can be a very exciting first step in the private development of Pier 70 and that will go simultaneously with the Port's investment in Crane Cove Park, with the assistance of the general obligation bond. Overall, this site could create thousands of new jobs and give an obvious economic boost to the neighborhood and the city. The RFQ was issued on August 30; responses are due on November 18. We hope to evaluate the responses through the end of the calendar year and come back to the Commission in early 2011 with a proposed selection. It will be followed later in 2011 with requests for interests for the 20th Street historic building.

- In Memoriam – William Coblentz of Coblentz, Patch and Duffy

 Ms. Moyer extended the Port's condolences and sympathies to the friends, colleagues and family of William Coblentz who passed away this past Monday night. Mr. Coblentz was a major contributor to all that has taken place in the development and real estate community in San Francisco. The current iteration of his firm, Coblentz, Patch and Duffy is an anchor tenant in the Ferry Building. He will be sorely missed but he left behind a tremendous legacy.

- In Memoriam – Skip Zeller, Retired Port Employee

 As the Commission may remember, one of our retired employees, Skip Zeller, often came before the Commission or would show up at Commission meetings in favor of the classic car event at Fisherman's Wharf. Among many things, Skip was a classic car enthusiast, primarily in the area of Corvettes. He was very proud to be a member of the North Bay Corvette Association. Skip's real name is Sanford Saul Zeller but he goes by Skip. He passed away on August 25, 2010 of cardiac arrest. He was fairly young and he was a native of Buffalo, New York. He came to San Francisco for a camping trip, stayed, fell in love, got married and established his family in Corte Madera. He joined the Port in 1973 and retired in 2006 as a Port engineer. He did a lot of work in the Fisherman's Wharf area for the Hyde Street fuel dock, among many things and, of course, all throughout the waterfront. He was a good, fun guy to have around. We miss him already from his retirement and we are very sorry that he passed. He leaves behind a number of siblings, children and grandchildren. Hopefully, they can carry on his sense of fun and maintain his Corvette.

 Mabal Bhat, Engineering Department, indicated that Skip Zeller worked at the Port for 33 years. He worked with him for 20 years as a colleague. He will be missed because he did a lot of work at the Port and spearheaded a

lot of projects. Even though Skip has passed away, he has left his stamp on all the drawings and the plans at the Port that will stay with us for a very long time.

William Lindo indicated that the idea of retirement and people having to give up their jobs that they've had for so long, he wished there was a of way where people didn't have to retire until they want to retire, instead of mandatory retirement. People live longer and it kills people to retire from something that they have an interest in and can't return to. He grew up in San Francisco and there was a gentleman named Salvatore Bellechi in Balboa, an Italian guy. They used to call him a Renaissance man. He had all kinds of talents and interests and he lived to be almost 100 years old. He had a lot of things going for him. Most people don't have that and that's what kills them. It deprives us of all their talent when we make them give their lives up before they're ready to give it up.

8. CONSENT

A. Request approval to apply for, accept and expend Congestion Mitigation and Air Quality Improvement (CMAQ) funding from the Metropolitan Transportation Commission (MTC) through the San Francisco County Transportation Authority (SFTA), the local Congestion Management Agency (CMA), and committing the necessary matching funds for the Cargo Way Bay Trail Bicycle Lane Project. (Resolution No. 10-64)

ACTION: Commissioner Lazarus moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor. Resolution No. 10-64 was adopted.

9. MARITIME

A. Request approval of five year landing rights license agreement for water taxi services to Hyde Street Harbor and Pier 1½ to San Francisco Water Taxi Service LLC. (Resolution No. 10-65)

Peter Dailey, Deputy Director of Maritime, indicated that due to scheduling snafu, this item will be informational instead of as an action item. Staff hope to come back as soon as possible to seek Commission's approval on this matter.

Water taxis are a popular form of transportation at many of the world's major cities. In San Francisco Bay, they offer advantages for such a service. Port staff have met with a number of interested parties regarding water taxis. Port staff have visited some of the water taxis around the world. Port staff hired Veronica Sanchez to do a market analysis and demand study for the Port, which was presented to the Commission last year to look at the possibility of this kind of an operation in San Francisco.

The analysis recommended minimum vessel and operator requirements and examined examples of water taxis in other cities. Subsequently, the Port has issued a Request for Interest for an operation of water taxi service along San Francisco's waterfront. The goal is to reach an agreement with a water taxi operator that insures that such a service is run safely, economically, effectively and efficiently, while providing transportation services for visitors and residents alike.

The Port is desirous that the service take place at a number of different locations at the Port. One of these locations is at Pier 1½, where the Port currently has an agreement for such a service as part of its lease with Pacific Waterfront Partners, LLC. The other is at Hyde Street Harbor, which the Port controls in the northern waterfront.

The Exploratorium, which will begin construction soon, also has in their development agreement the requirement to build a water taxi facility within a certain period of time of commencement of their lease. Hopefully there will be another site on the northern waterfront for such a service.

All these services require very little capital improvements from an operator's standpoint. They're ready to go. Hyde Street Harbor is relatively new. Pier 1½ is relatively new, which is a big advantage for a prospective operator. They would not have to spend a lot of money in capital improvements on the landside and can focus on providing vessels that would be ideal for such an operation.

A water taxi is defined as a vessel that is less than 60 feet in length and used for transporting passengers on point-to-point trips. The vessel has to be Coast Guard certified and it usually has a maximum capacity of about 49 people. The use is restricted so it cannot be used as a dining vessel. Interested parties, through this RFI, will have to provide a written description of interest to provide such a service, detail their maritime business experience, financial capacity, existing fleet or ability to obtain a fleet of vessels for the services described.

Port staff received four responses to the RFI, reviewed each of the letters of interest and determined that San Francisco Water Taxi, LLC, was the only candidate that proposed a sustainable business model that did not require a Port subsidy. San Francisco Water Taxi proposed a true water taxi operation that will utilize the two port berthing locations as pick-up/drop-off locations for point-to-point transit for locations throughout San Francisco Bay.

Port staff has entered into a negotiation with SFWT, which is close to resulting in a five-year landing rights agreement that staff will bring back to the Port Commission soon. The agreement would commence this year and run for five years through 2015 and has a one five-year option. The landing sites that this agreement specifies are 1½ and the Hyde Street Harbor.

The use is to provide water taxi service with passenger embarkation and debarkation at landing sites so designated and for no other purpose. San Francisco Water Taxi shall pay seven percent of its gross revenues to the Port for offering such services. They will provide security deposits and insurance coverage that is acceptable to both the Port and the city's risk manager.

The landing rights agreement includes all the standard city provisions that have been approved by the City Attorney's office, including compliance with laws, the Port's right to terminate, indemnity and exculpation and hazardous materials clauses. San Francisco Water Taxi is headed by John Scannell, who is on the East Coast today; one of the reasons this item is being postponed for approval. He has been in San Francisco offering service through the Bay Quackers. The Commission may have seen some of the amphibious vessels roaming around the Embarcadero since 2004. He is the president of San Francisco Water Taxi and has grand plans for this operation.

Paul Nakamoto, Vice President of Business Development for San Francisco Water Taxi, apologized that John was unable to attend today's meeting as he was unable to change his flight to get back on time. San Francisco Water Taxi is looking forward to working with the Port of San Francisco. They are an on-call, point-to-point service that quickly moves people along the San Francisco waterfront. They expect to start service with their first two boats within 60 days their license is approved by the Commission. He acknowledged and thanked Peter Dailey for all of his hard work and guidance in putting the agreement together.

Peter Dailey indicated that a lot of work has gone into this. We're excited that there is an opportunity to provide this service. John and Paul have a lot of enthusiasm. There are still some details to be worked out. The basic agreement is in their hands waiting for their signature. We will work closely with them to insure a smooth transition and arrival to San Francisco's waterfront and we will be back to the Port Commission as soon as possible when we have all our ducks in a row.

Commissioner Fong indicated that as of right now, we're talking about two locations: Pier 1½ and Hyde Street Pier. If and when more landings become available, i.e., the Exploratorium, he asked if they will be added in or is there a provision in the agreement to add them in.

Peter Dailey replied that we could add them in as an amendment to the agreement. Currently, they're not specified in the agreement. We only control those two and it was difficult to write a document that vested rights to a facility that isn't quite there yet.

Commissioner Fong asked if there are plans for other point-to-point landings outside of the San Francisco area, either Marin or the East Bay.

Peter Dailey replied affirmatively and added that they are looking at Sausalito, Tiburon, Oakland, Alameda and the San Francisco International Airport.

Commissioner Fong asked if this lease restricts the water taxi from getting into the cruise business. He asked how we limit time in the boat between point A and point B.

Peter Dailey replied that there are limits in the agreement that is narrow in terms of what the use can be and how long the boats can stay at the berth. It's very specific. This service cannot morph into dining cruises or ferry boats or any other kind of excursion business. It's a very narrow use provision and has provisions that are managed by the Port through its tariff that if it does morph into something that wasn't anticipated, the Port has the right to terminate the agreement quickly.

Commissioner Fong asked if we're treating those two landings as if they were white zones for loading and unloading only and not to hang out, sell and solicit. Peter Dailey replied affirmatively.

Commissioner Lazarus asked from a totally disinterested point of view if a place like Fort Mason Center could become a stop along the way as well.

Peter Dailey replied that Fort Mason has been looked at. Veronica Sanchez, in her feasibility study, looked at Fort Mason and it's an ideal location for passengers. The trick with Fort Mason will be that it will require some physical improvements to the docking facilities, which is relatively expensive. This is ready, fire, aim to a certain extent. We have identified locations that do not require any major capital improvements just to get it in and operating. It's still a speculative opportunity. It has not been done before in this kind of a venue. There is a commercial water taxi service now that takes people to tankers and to ships on the Bay, but for residents and visitors it has never been done before. We're trying to keep the capital expenditures down to a reasonable level, but Fort Mason is clearly high on the list.

Commissioner Lazarus indicated that if Fort Mason Center were to make the investment in the pier for purposes of ferries, etc., she asked if that would change the scenario. Peter Dailey replied affirmatively.

William Lindo indicated that this is a very interesting idea. In the short-term, the gentleman should talk to Larry Ellison and find out how his idea could fit in with his idea to bring the America's cup race to the city. In the long-term, Mr. Ellison has the money to invest in the pier. He might even help this gentleman set up his service just because of his short-term needs, but it could last for the long-term. He recommended that the gentleman talk to Mr. Ellison and find out how his idea could segue into his idea in the short-term. Mr. Ellison gets the race to come to San Francisco, he has the right to determine what he's going to do with a lot of the pier's land.

10. PLANNING AND DEVELOPMENT

A. Request approval of term sheet for Seawall Lot 351(at Embarcadero and Washington Street) as part of the 8 Washington Project. (Resolution No. 10-66)

Jonathan Stern, Planning and Development Division, indicated that just like the previous item, this will also be presented as an informational instead of an action item. He will provide the Commission a brief status update on this project and will seek Commission's approval at a later date.

After selecting a developer in the RFP process and signing an exclusive negotiating agreement with them, Port staff has been working with the developer to develop a financial and a use proposal that would be wrapped into a term sheet. The term sheet will describe the basic elements of the project, the economic parameters, and the fundamental terms. It will serve as the basis for negotiating transaction documents for the complicated transactions that would follow at Seawall Lot 351 if the project moves forward as proposed.

The project will continue to change throughout the public review process. The term sheet is the basic outline. Some of the changes and other reviews that will occur might also change the project, as it has to be analyzed under CEQA. Any mitigation measures and alternatives that are proposed for the project will also be analyzed as to their environmental consequences. The project will also undergo a public review during approval processes such as height and bulk changes, zoning changes that might be necessary. There are height and bulk issues that are being considered in this project. These will be considerations that will come before either the Planning Commission or the Board of Supervisors after environmental review. Projects change as they go through these processes.

If the project changes substantially, the Port and the developer need to reexamine the terms set forth in the term sheet and the ENA. The Port Commission will have every opportunity to review and consider this use now or the new uses proposed in the future. For example, the terms could change if other uses are proposed through different mixes of land uses or the intensity of the development is proposed to change, including public trust uses on the site. Currently, the term sheet sets forth the terms only for the uses proposed by SFWP, the developer. Any subsequent proposals to change the uses or any fundamental terms will require Port Commission consideration in the future and possibly if it's after additional CEQA review, if those new changes are not analyzed.

Port staff will come back to the Port Commission and ask for an endorsement of the term sheet. The Port has also made a commitment to bring the term sheets to the Board of Supervisors for their conceptual endorsement. After those necessary stages are met, the CEQA review will commence in earnest

with a draft EIR and there will be opportunities to review the project. Port staff anticipates coming back to the Commission as early as September 28 for approval of a term sheet.

Eula Waters indicated that when we were talking about SWL Lot 351, we were also talking about where they're going to build a garage if it is recommended that the high rise condos go up at 8 Washington Street. It is illegal to build on property which has been dedicated by contract back when they were negotiating whether there would be high rises over there or not. It was decided at that time contractually that in order for the high rises to be built, the Gateway would have to have a recreation center where the tennis courts and pools are now located. The tenants, approximately 2,000 people living in those high rises, would have a place to get out in the open. That is why the pools and tennis courts are there and that is why the pools and courts will stay. It was a contract and the contract stated specifically that certain amenities be there for the use of the tenants. She's lived in Golden Gateway for 40 years. She lives there because of the pools as she swims every day. She doesn't know what would happen if a high rise apartment building is built on the properties that were left specifically for the tenants so that they will have a place to get out in the open. The contract she was talking about stated specifically -- and she has the contract – that for 30 years the Gateway Center would run the pools and tennis courts for recreation at non-profit. After that, they can be leased out for profit, which they did after 30 years to the Bay Club. They run it now as a well-operated facility at a profit. People never gave up wanting to build on property down here. It's the best property in town. That was property in perpetuity to be left as it is and it cannot be built on.

Commissioner Rodney Fong clarified that the Commission acknowledges that there will be changes to this project and revisions to a project are typical in the CEQA and public review process. He reiterated that this term sheet is intended only to set forth the fundamental terms for this project. In keeping with the Port Commission's standard practices for development projects, we will revisit the project when the Port Commission considers approval of the project following completion of the CEQA review.

11. NEW BUSINESS

12. PUBLIC COMMENT

William Lindo, San Francisco citizen, indicated that he's on the Wharf quite frequently because of his health. In the last two months, the bicyclists have increased and the number of people has increased. It's becoming very dangerous to walk on the Promenade because the bicyclists go at all speeds. He has a spine injury and a neck injury and was very seriously shocked by a bicyclist going around him at about 25 miles-an-hour within 18 inches of his body. What bothered him is he knew that was going to happen, but he can't remember to look over his shoulders at all times every time he moves his body on the Promenade. He's even

tried to stay on one side, but they still follow. The bicyclists go on the side and they come around. He tries to walk this way and they follow. If you walk in the middle, they go around you. He's traumatized and something has to be done. Either the Port has to put a limit on how fast they can go or ban them to the lanes that they're supposed to be on but then there are people with children on bikes and they're not going to ride on the street. He asked what's going to happen with the Promenade. He would like to try to put some order into it. He talked to a bicycle coalition and they said like a lot of people, they have this wild man mentality that they can do whatever they want just like the mad movement that happens at the end of every month, a mass anarchy. That's their attitude - they can do whatever they want. He's telling them that's why everybody is attacking us in the world because we want to do what we want. They have to conform. They have to harmonize with everybody. If we're going to live on one planet, live in one city, they're going to have the attitude of survival for everybody because one person can't survive by themselves. Even if you are mountain men, if you come to the city you're going to have to harmonize. You have to be civilized. He'd like to see some order because the police have abandoned the Promenade and the Port only has the security guards who can only observe and report, but they can't report every little incident. Someone suggested having the bicycle cops come down and enforce the law but they're not supposed to have bicycles on the sidewalk. Something has to be done.

13. ADJOURNMENT

ACTION: Commissioner Lazarus moved approval to adjourn the meeting in memory of Bill Coblentz; Commissioner Brandon seconded the motion. All of the Commissioners were in favor.

Commission President Rodney Fong adjourned the meeting at 4:00 p.m.

SAN FRANCISCO PORT COMMISSION

Rodney Fong, President
Kimberly Brandon, Vice President
Ann Lazarus, Commissioner

Monique Moyer, Executive Director
Phone: 415-274-0400; Fax: 415-274-0412

Amy Quesada, Commission Secretary
Phone: 415-274-0406; Fax: 415-274-0412

AGENDA
TUESDAY, SEPTEMBER 28, 2010
2:30 P.M. CLOSED SESSION
3:15 P.M. OPEN SESSION
PORT COMMISSION HEARING ROOM, SECOND FLOOR
FERRY BUILDING, SAN FRANCISCO, CA 94111

PLEASE NOTE THE TIME OF THE MEETING

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk.

If any materials related to an item on this agenda have been distributed to the Port Commission after distribution of the agenda packet, those materials are available for public inspection at the Port Commission Secretary's office located at Pier 1 during normal office hours.

1. **CALL TO ORDER / ROLL CALL**

2. **APPROVAL OF MINUTES** - September 14, 2010

3. **PUBLIC COMMENT ON EXECUTIVE SESSION**

4. **EXECUTIVE SESSION**

 A. Vote on whether to hold closed session.

 An Executive Session has been calendared to discuss the following matters:

 (1) CONFERENCE WITH LEGAL COUNSEL AND REAL PROPERTY NEGOTIATOR. – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

GOVERNMENT DOCUMENTS DEPT
SEP 24 2010
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a. Property: AB 0201, Lot 013 also known as Seawall Lot 351 (Washington Street at the Embarcadero)
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning and Development
*Negotiating Parties: San Francisco Waterfront Partners, Simon Snellgrove

Under Negotiations: _____Price ____Terms of Payment _X_ Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at SWL 351.

5. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

6. ANNOUNCEMENTS

A. **Announcement of Prohibition of Sound Producing Devices During the Meeting -** Please be advised that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

B. **Announcement of Time Allotment For Public Comments -** Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

7. EXECUTIVE

A. Executive Director's Report

- Blue Greenway Workshops – September 29 and October 6, 2010 from 6 p.m. to 8 p.m. at Pier 1
- CUESA's 8th Annual Sunday Supper – October 3, 2010 at 5:30 p.m. at the Ferry Building
- Shoreside Power Dedication – October 6, 2010 at 11:00 a.m. at Pier 27
- Fleet Week – October 6 to 12, 2010

8. CONSENT

A. Request authorization to advertise for competitive bids for Construction Contract No. 2746, Five Year Maintenance Dredging Project. (Resolution No. 10-67)

9. ENGINEERING

A. Informational presentation regarding San Francisco Public Utilities Commission (SFPUC) proposed Fats, Oils and Grease (FOG) Control Ordinance.

10. PLANNING AND DEVELOPMENT

A. Request approval of term sheet for Seawall Lot 351 (at Embarcadero and Washington Street) with San Francisco Waterfront Partners II, LLC as part of the 8 Washington Project. (Resolution No. 10-66)

11. MARITIME

A. Request approval of five year landing rights license agreement with San Francisco Water Taxi LLC for water taxi services to Hyde Street Harbor and Pier 1½. (Resolution No. 10-65)

12. REAL ESTATE

A. Informational presentation regarding the Port of San Francisco's Proposed 2010 Retail Leasing Policy.

13. NEW BUSINESS

14. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

15. ADJOURNMENT

FORWARD CALENDAR (Targeted Commission meeting, subject to change)

- Informational Presentation regarding joint planning with the Water Emergency Transit Authority for the Downtown Ferry Terminal Expansion (October 12, 2010)
- Request Port Commission to direct staff to further develop a preferred concept plan for the James R. Herman Cruise Terminal at Pier 27, located along the Embarcadero at Lombard Street (October 12, 2010)
- Request authorization to award Grant for Environmental Education Programs at Heron's Head Park and India Basin Shoreline Open Space (October 12, 2010)
- Request approval of Resolution rescinding Resolution 08-61 adopted by the Port Commission on September 9, 2008 regarding approval of First Amendment to Lease No. L-12090 with Darling International, Inc. for premises at SWL 344 located at 429 Amador Street and Pier 92 (October 12, 2010)
- Request approval of a First Amendment to Lease No. L-12090 with Darling International, Inc., for premises located at 429 Amador Street to expand the permitted uses to include construction and operation of a biodiesel production facility in compliance with a Port-approved operations plan and adopting California Environmental Quality Act findings (October 12, 2010)
- Request authorization to advertise for competitive bids for Construction Contract No. 2727, Pier 43 Bay Trail Link (October 26, 2010)
- Request authorization to award contract for Hazardous Building Materials Surveys and Related Consulting Services at Pier 70 (October 26, 2010)
- Request approval of the Cooperative Agreement between the San Francisco Bay Area Rapid Transit District and the City and County of San Francisco, through the Port of San Francisco (October 26, 2010)
- Request authorization to award Construction Contract No. 2732, Mission Bay Shoreline Protection for Bayfront Park Project (October 26, 2010)
- Request authorization to award Contract No. 2741, Marine Structural Projects III, which includes the Pier 35 Superstructure Repair, Pier 33 Marginal Wharf Substructure Beam Repair, and the Pier 50 Valley Substructure Repair (December 14, 2010)
- Informational presentation on Response to Pier 70 Waterfront Site Request for Qualifications (Date to be determined)
- Informational presentation regarding the Port's Proposed Retail Leasing Policy (Date to be determined)
- Update and request for authorization to enter into an agreement with the U.S. Army Corps of Engineers for environmental, design, bidding and construction assistance for the removal of Pier 36, in coordination with the Port of San Francisco's Brannan Street Wharf open space project (Date to be determined)
- Informational presentation of design standards addressing circulation, access and adjacent tenant improvements for The Embarcadero Promenade which is the Bay side multi-use pathway along The Embarcadero Roadway, extending from Pier 35 to China Basin (Date to be determined)
- Request approval of new form License (Landing Rights Agreement) including new rate structure and fees, authorize the Executive Director to enter into the form License with ferry and excursion operators and authorize the Executive Director to make additions, amendments or other modifications to the form License (Date to be determined)

- Request approval of Lease No. L-14814 with Andre-Boudin Bakeries, Inc., a California Corporation, for a seven-year restaurant lease for premises located at 2890 Taylor Street (Date to be determined)
- Request approval of the Port's Interim Leasing Policy for Historic Structures. (Date to be determined)
- Request approval of a one-year interim license agreement, and approval to seek Board of Supervisor approval of a 66-year lease/easement agreement and a 66-year right to use permit/agreement, between the Port and Peninsula Corridor Joint Powers Board, for use of property located along Seventh Street in the Mission Bay Redevelopment Area to support existing passenger rail uses for public purposes (Date to be determined)
- Request authorization to enter into a Memorandum of Understanding with the San Francisco Municipal Transportation Agency for the Port of San Francisco to relinquish its rights to cargo freight rail service north of Cesar Chavez along Illinois Street (Date to be determined)

COMMUNICATIONS TO THE PORT COMMISSION FROM SEPTEMBER 10, 2010 TO SEPTEMBER 23, 2010

- From Paul Guidi, regarding American Storage lease
- From Port staff, copy of condolence letter to Coblentz, Patch and Duffy regarding passing of Bill Coblentz
- From Port staff, copy of a letter to Governor Arnold Schwarzenegger, regarding AB 1199, Infrastructure Financing Districts

OCTOBER 2010
CALENDAR OF UPCOMING PORT MEETINGS – OPEN TO THE PUBLIC

DATE	TIME	GROUP	LOCATION
October 12	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
October 26	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building

NOTES:

The San Francisco Port Commission meets regularly on the second and fourth Tuesday of the month at 3:15 p.m., unless otherwise noticed. The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com. Contact Amy Quesada at 274-0406. The Port Commission meetings can be viewed online at http://sanfrancisco.granicus.com/ViewPublisher.php?view_id=92. The Port Commission meetings are also broadcasted on the 2nd & 4th Thursday of the month at 9 p.m. on Comcast Cable Channel 26 or Astound Cable Channel 78 (formerly RCN Cable).

The Fisherman's Wharf Waterfront Advisory Group (FWWAG) meets regularly on a bi-monthly basis, on the third Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Michael Nerney @ 274-0416 or michael.nerney@sfport.com

Starting January 21, 2010, the Maritime Commerce Advisory Committee (MCAC) will meet every other month, on the third Thursday of the month, from 11:30 a.m. to 1:00 p.m. @ Pier 1. Contact Jim Maloney @ 274-0519 or jim.maloney@sfport.com

The Mission Bay Citizens Advisory Committee meets on the 2nd Thursday of the month at 5:00 p.m. at 1700 Owens Street, 2nd Floor. Parking validation is available. Contact Catherine Reilly, San Francisco Redevelopment Agency, at catherine.reilly@sfgov.org.

The Northeast Waterfront Advisory Group (NEWAG) meets regularly on a bi-monthly basis on the first Wednesday of the month from 5:00 p.m. to 7:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jonathan Stern @ 274-0545 or jonathan.stern@sfport.com

The Central Waterfront Advisory Group (CWAG) meets monthly on an as-needed basis, generally on the third Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or mark.paez@sfport.com

The Rincon Point-South Beach Citizens Advisory Committee meets on a quarterly basis, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine.Reilly/REDEV/SFGOV@SFGOV

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david.beaupre@sfport.com

The Waterfront Design Advisory Committee (WDAC) meets jointly with the Design Review Board of the Bay Conservation and Development Commission on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. The Committee meets as needed on the fourth Monday of the month at 6:30 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625 or dan.hodapp@sfport.com

FERRY BUILDING:

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
B) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

PIER 1:

The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.

Accessible meeting information policy:

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance:

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Frank Darby by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at sotf@sfgov.org. Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Darby or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at http://www.sfgov.org/sunshine.

NOTICES

Prohibition of Ringing of Sound Producing Devices:

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(**s**) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

Lobbyist Registration and Reporting Requirements:

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.

PORT OF SAN FRANCISCO

MEMORANDUM

September 23, 2010

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Kimberly Brandon, Vice President
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Request Authorization to Advertise for Competitive Bids for Construction Contract No. 2746, Five Year Maintenance Dredging Project

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Overview

Port staff request that the Port Commission authorize the advertisement for competitive bids for the construction contract No. 2746, Five Year Maintenance Dredging Project. The project provides for dredging at sites along the San Francisco waterfront from calendar Year 2011 through calendar Year 2015.

Background

The Port will require maintenance dredging at several Port facilities from Year 2011 through Year 2015. The Port sites in need of dredging could include Pier 27, Piers 30/32, Pier 35, Pier 80, Pier 92, Islais Creek, Central Basin, Fisherman's Wharf, Piers 94/96 and others along the San Francisco waterfront.

The Port's Dredging Program Team estimate for this project, for a five-year duration, is $18,100,000. The project cost will be funded from Port capital funds for maintenance dredging as they become available. Port staff intend to request bidding on a unit price basis and will determine the lowest bidder based on the total bid price, which, in turn, will be based on the Project Engineer's estimated quantity for the project. Due to limited appropriated funds at the time of award, the Port staff intend to award the contract based upon the available funds for dredging in fiscal year 2010/2011, and funds remaining from fiscal year 2009/2010. The contract will be modified to fund necessary work as additional funding becomes available.

This Print Covers Calendar Item No. 8A

The current five year maintenance dredging construction contract 2706 is set to expire on December 31, 2010. The Port Commission, at its meeting on February 14, 2006, authorized the award of the current contract 2706 to Dutra Dredging Company (Port Commission Resolution 06-09).

The proposed solicitation for bids will require bidders to possess a Class A General Contractor's License with at least three (3) years dredging experience.

The solicitation of bids will be advertised to reach the contractor market through the following channels:

- Human Rights Commission list of contractors
- Human Resources Outreach list of contractors
- Port Engineering division's list of contractors
- Port Website
- City and County of San Francisco Office of Contract Administration's Website
- Plan Rooms (Builders Exchange, Contractors Information Network, etc.) 18 total
- Newspapers (SF Examiner and Small Business Exchange)

The contract will be awarded to the lowest responsive, responsible bidder which meets the City's Local Business Enterprise (LBE) subcontracting goal. The LBE goal for this contract has not been set yet, and will be set with San Francisco Human Rights Commission (HRC) when the project is advertised. The current dredging contract with Dutra Dredging Company has 100% Disadvantaged Business Enterprise (DBE) participation for trucking and testing for upland disposal.

Regulatory Approvals

Permits to conduct the maintenance dredging proposed under this contract are current for the following agencies.

- U. S. Army Corps of Engineers (USACE): Permit No. 27549S; expires November 30, 2013
- California State Lands Commission (SLC): Dredging Lease No. PRC7235.1; expires April 14, 2014
- San Francisco Bay Regional Water Quality Control Board, (RWQCB): Order No. 2-2003-0087; expires November 30, 2013
- San Francisco Bay Conservation and Development Commission (BCDC): Permit No. M02-71; expires October 29, 2019

In addition, the contract must also incorporate dredging and disposal requirements stated in the "Long Term Management Strategy (LTMS) for the San Francisco Bay" developed by the agencies listed above as well as U. S. Environmental Protection Agency, and resources agencies such as NOAA National Marine Fisheries and California Department of Fish and Game. The goal for the LTMS program included provisions to decrease in-Bay disposal every three years since 1998. Therefore, between 2010-2012 and 2013-2015 the Port must allocate increasing volumes of dredge material for disposal at a greater cost to beneficial reuse sites such as Hamilton

Wetlands Restoration Project, Montezuma Wetlands Restoration Project, ocean disposal, or other permitted upland disposal sites.

The contract scope will include mobilization and demobilization, surveying, dredging, dredge material transportation and disposal, and crane lifting services, as set forth in the construction contract documents.

Funding

The contract will be awarded using funds from fiscal year 2010/2011, and funds remaining from fiscal year 2009/2010 which amount to a current balance of $5,004,248. Based on past needs and projected use, Exhibit 1 (attached hereto) provides a five year projection of dredging volumes and associated costs. Please note that unit costs provided for 2011 through 2015 are industry projections and may not reflect actual costs once the contractor has been selected. Please note that Berth 35 dredging has been completed for 2010 however, payment has not been made due to verification of quantities. Berth 27 dredging for 2010 will be initiated by late October.

Port staff intend to fund the balance of the project with fiscal year 2011/2012 through 2015/2016 Port capital funds for dredging. Note that Exhibit 1 indicates the Port's strategy in recent years of funding dredging at $2,7500,00 per year, while successful so far, may prove to be insufficient in future years should dredging costs increase appreciably under the new contract.

Schedule

The anticipated project schedule is as follows:

Port Commission Approval to advertise for bids	September 28, 2010
Complete Construction Document	October, 2010
Advertisement	November, 2010
Bid Opening	December, 2010
Port Commission Approval to Award the Construction Contract	January, 2011
Construction Start	March, 2011
Substantial Completion	December, 2015

Summary

Port staff are prepared to seek competitive bids this maintenance dredging project. Port staff recommend that the Port Commission authorize the advertisement for competitive bids for construction contract No. 2746, Five Year Maintenance Dredging Project.

Prepared by: Ken Chu, Project Engineer
Jay A. Ach, Dredging Program Manager
For: Edward F. Byrne, Chief Harbor Engineer

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 10-67

WHEREAS, the Port of San Francisco will require maintenance dredging at several Port facilities from calendar Year 2011 through calendar Year 2015 (the "Project"); and

WHEREAS, the sites in need of dredging include Pier 27, Piers 30/32, Pier 35, Pier 80, Pier 92, Islais Creek, Central Basin, Fisherman's Wharf, Piers 94/96 and others along the San Francisco waterfront; and

WHEREAS, the Port's current contract for five year maintenance dredging with Dutra Dredging Company expires on December 31, 2010; and

WHEREAS, Port staff intend to complete the construction documents for this Project in October 2010, and to solicit competitive bids for the contract for this Project in November 2010; and

WHEREAS, the current engineering construction cost estimate for dredging needs for the calendar year 2011 is approximately $3,515,000; and

WHEREAS, the Port's staff cost estimate for this five year Project is $18,100,000; and

WHEREAS, the new contract will incorporate the dredge disposal requirements noted in the "Long Term Management Strategy for the San Francisco Bay" developed in 1998 by the Dredging Material Management Office, including provisions for in-Bay disposal, ocean disposal, and upland disposal of dredge materials; and

WHEREAS, in the solicitation of bids for this Project, Port staff will incorporate the subcontracting goal for Local Business Enterprises (LBEs) as recommended by the Human Rights Commission (HRC); and

WHEREAS, the Project will be funded with Port capital funds for dredging with fiscal year 2010/2011 through 2015/2016, subject to budget approval and appropriation of future funds, and funds remaining from fiscal year 2009/2010; and

WHEREAS, due to limited appropriated funds that will be available at the time of award, Port staff intend to award the contract based upon the available funds for dredging in fiscal year 2010/2011, and funds remaining from fiscal year 2009/2010 which currently amount to $5,004,248; and

WHEREAS, after the contract award, Port staff will seek to modify the contract to fund necessary work when additional funding becomes available through each annual budget process; now, therefore, be it

RESOLVED, that the San Francisco Port Commission hereby authorizes Port staff to advertise for competitive bids for construction contract No. 2746, Five Year Maintenance Dredging Project.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of September 28, 2010.

SECRETARY

EXHIBIT 1
Dredging Schedule 2009-2012

Facility	Depth	2010 Summer/Fall			2011				2012				2013				2014				2015			
		SFDODS	SF-11	HWRP/ MWP	SFDODS	SF-11	HWRP/ MWP	Upland	SFDODS	SF-11	HWRP/ MWP	upland	SFDODS	SF-11	HWRP/ MWP	upland	SFDODS	SF-11	HWRP/ MWP	upland	SFDODS	SF-11	HWRP/ MWP	upland
FWWAP	Varies																							
Hyde Street Harbor	-14																							
Pier 35 West	-30	31,000			15,000				15,000				15,000				20,000				15,000			
Pier 35 East	-35	53,000			35,000				35,000				35,000				35,000				35,000			
Pier 27	-35	26,000	40,000		40,000	35,000				40,000				40,000				40,000				40,000		
Pier 80A	-40												10,000											
Pier 80B	-40									32,000												32,000		
Pier 80C	-40									17,000												17,000		
Pier 80D	-35									20,000												20,000		
Islais Creek Inner Channel	-40													8,000										
Pier 92	-35													6,000										
Islais Creek Outer Channel	-40									33,617												33,617		
Islais Creek Approach	-40									13,000												13,000		
Pier 94	-40									3,000		5,000										3,000		5,000
Pier 96	-40																							
Total Volume		110,000	40,000	0	90,000	35,000	0	0	50,000	158,617		5,000	60,000	54,000		0	55,000	40,000		0	50,000	158,617	0	5,000
anvironmental documentation		$300,000			$500,000				$500,000				$500,000				$500,000				$500,000			
SURVEYS		$75,000			$150,000				$150,000				$90,000				$100,000				$150,000			
Projected Dredging Costs		2010			2011				2012				2013				2014				2015			
		$19.30	$8.25/cy	$19.3/cy	$26/cy	$15/cy	$30/cy	$40/cy	$26/cy	$15/cy	$30/cy	$40/cy	$26/cy	$15/cy	$29/cy	$40/cy	$26/cy	$15/cy	$29/cy	$40/cy	$26/cy	$15/cy	$29/cy	$40/cy
		$2,123,000	$330,000	$0	$2,340,000	$525,000	$0		$1,300,000	$2,379,255	$0	$200,000	$1,560,000	$810,000	$0	$0	$1,430,000	$600,000	$0	$0	$1,300,000	$2,379,255	$0	$200,000
		$2,626,000			$3,515,000				$4,529,255				$2,960,000				$2,630,000				$4,529,255			
PORT BUDGET (carry over + new fiscal year budget)		$5,004,248			$2,176,248 + $2,750,000 = $4,926,248				$1,411,248 + $2,750,000 = $4,161,248				-$368,007+ $2,750,000 = $2,361,993				-$576,007 + $2,750,000 = $2,171,993				$1,264,000 + $2,750,000 = $4,014,000			
Remaining Port Budget and carry over for next fiscal year		$2,176,248			$1,411,248				-$368,007				-$576,007				$1,264,000				-$515,255			

$18,163,510

Unit costs for dredging are predicted as the dredging contract will be renewed starting in 2011. Costs could increase from 10 to 20% depending on final contract negotiations.

PORT OF SAN FRANCISCO

MEMORANDUM

September 22, 2010

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Kimberly Brandon, Vice President
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Informational Presentation Regarding San Francisco Public Utilities Commission (SFPUC) proposed Fats, Oils and Grease (FOG) Control Ordinance.

DIRECTOR'S RECOMMENDATION: Information Only – No Action Required

Background

As the operator of a large sewer system, the City and County of San Francisco is required by state and federal law to prevent sewer system overflows, and to regulate and control the discharge of industrial wastes into the system in order to protect the system, increase operational efficiency, comply with pollutant minimization requirements, and facilitate compliance with wastewater discharge limits.

The Port of San Francisco is also regulated by the California State Water Resources Control Board as an operator of a sanitary sewer system. On September 15, 2008 the Port Commission adopted Resolution 08-63 that directed Port staff to complete a Sanitary Sewer Management Plan (SSMP) as required by the California State Water Resources Control Board. The requirements of the SSMP include the development of a program to control the discharge of fats, oils and grease to the sewer system.

Discussion

On September 14, 2010 the Commission of the SFPUC considered a staff presentation on a proposed Fats, Oils and Grease (FOG) Control Ordinance ("FOG Control Ordinance" or "Ordinance") and adopted a resolution directing the SFPUC General Manager to submit the proposed ordinance to the San Francisco Board of Supervisors for consideration and adoption. The proposed FOG Control Ordinance is attached as Attachment 1.

This Print Covers Calendar Item No. 9A

The main objective of the proposed Ordinance is to reduce the amount of FOG being discharged into the City's sewers by Food Service Establishments ("Food Establishments" or "FSEs"), which are defined as being non-residential wastewater dischargers that prepare, serve, or otherwise make available food for consumption by the public (such as restaurants, commercial kitchens, caterers, etc.).

The proposed Ordinance is intended to facilitate compliance with the City's current National Pollutant Discharge Elimination System (NPDES) permits and the Sanitary Sewer Overflow Waste Discharge Requirements (WDRs) permit, which are issued by the San Francisco Bay Regional Water Quality Control Board and the United States Environmental Protection Agency (US EPA).

The proposed Ordinance has been developed by SFPUC staff over the past several years, in cooperation with key stakeholders, such as the Golden Gate Restaurant Association (GGRA), the Department of Building Inspection and the Port of San Francisco. The Ordinance will complement existing local requirements by:

- Establishing a process by which all Food Establishments will be assessed to determine if they have required grease capturing equipment in place;
- Requiring or encouraging the use of more modern and effective grease capturing equipment (automatic grease removal devices or "GRDs"); and
- Establishing clear requirements for servicing and maintenance of all grease capturing equipment.

Proposed FOG Ordinance Provisions

The two key concepts in the proposed Ordinance are: 1) transitioning Food Establishments to more effective equipment and, 2) the assignment of a FOG Discharger Category to each Food Establishment.

Transitioning Toward More Effective Equipment

The Ordinance allows Food Establishments to keep their existing grease capturing equipment if it is operational and adequately serviced. However, the Ordinance addresses the fact that modern technology for grease removal from wastewater has surpassed the controls contemplated when the current Industrial Waste Ordinance was adopted in 1992.

The industry now has three widely-recognized options: hydromechanical grease interceptors ("grease traps"), gravity grease interceptors ("grease interceptors"), and automatic grease removal devices (or automatic "GRDs").

- *Hydromechanical grease interceptors* (or "traps") are the least expensive and most common technology, yet they are problematic because they must be cleaned daily or weekly to maintain effectiveness. The SFPUC's experience is that many establishments do not regularly clean them because it is unpleasant

and, therefore, unacceptable amounts of FOG still get discharged into the sewer system.

- *Gravity grease interceptors* (or "interceptors"), the second most used technology, are very effective, but they are also very expensive and generally are too large to work for the majority of Food Establishments in San Francisco. By definition, they are 300 gallons or more in capacity/size and are generally installed underground outdoors (ex: under a parking lot).

- *Automatic grease removal devices* (or "automatic GRDs") are the newest technology. They automatically, mechanically separate out food particles and skim waste fats, oils and grease from the wastewater discharges. They are middle-range in cost and more pragmatic due to automation and less-offensive maintenance procedures.

The Ordinance will result in the installation of more automatic GRDs or gravity grease interceptors in the City, thus increasing the amount of FOG diverted from the sewer system. It will also result in all grease capturing equipment being more adequately serviced and maintained, and thus more effective.

FOG Discharger Categories Resulting in Risk-Based Requirements

The Ordinance defines Food Service Establishments as falling into one of four FOG Discharger Categories, as summarized in Table 1 on the following page. This will enable the SFPUC to define requirements based on the likely risk of FOG-impact on the sewer system by the Food Establishment.

Additionally, all Food Establishments required to have grease capturing equipment must comply with the existing San Francisco Plumbing Code requirement (or if on Port property, the Port of San Francisco Plumbing Code requirement) that all grease-waste containing wastewater discharge lines be routed through the grease capturing equipment.

The Ordinance also defines conditions under which Food Establishments may be reclassified and be directed to install a grease trap, automatic GRD or interceptor, including a change in kitchen operations that increases FOG discharge or evidence that the Food Establishment is causing grease accumulation problems in sewer laterals or mains.

Table 1: Proposed FOG Ordinance Risk Categories			
FOG Risk Category	**Definition**	**Proposed FOG Ordinance Equipment Requirements**	**Implementation Date**
Cat. #1 FOG Discharger	FSEs that generate significant fats, oils and grease in their kitchens yet have no grease capturing equipment	• Must install an automatic Grease Removal Device or Gravity Grease Interceptor (no passive grease traps).	Within 60 days of City notification, but no later than July 1, 2013.
Cat. #2 FOG Dischargers	FSEs that generate significant FOG, but have grease capturing equipment already installed (as of 3/1/2011)	• Must keep existing equipment fully operational and properly maintained and serviced. **Note:** May be directed to install an automatic GRD or Gravity Grease Interceptor if inspections reveal certain conditions (ex: equipment is not operating properly; grease dischargers are exceeding local limits; FSE is causing sewer back-ups)	Ongoing once ordinance goes into effect*
Cat. #3 FOG Dischargers *Less-Significant Grease Discharger*	FSEs that pose a less-significant risk of discharging FOG to the sewer system (based on objective factors such as cooking equipment and plumbing fixtures).	• No change from current City requirements.	Ongoing once ordinance goes into effect*
Cat. #4 FOG Dischargers *Limited Food Preparation Establishment*	FSEs that are not likely to be discharging much (if any) FOG to the sewer; these establishments only reheat or "hot-hold" prepared food.	• No change from current City requirements. • No grease capturing equipment required.	Ongoing once ordinance goes into effect*

* The Ordinance will go into effect 30 days after it is signed into law by the Mayor.

Requirements for New Construction, Changes in Ownership, and Remodeling

The Ordinance defines requirements for New Food Establishment Construction, Changes in Ownership, and Remodeling (where FOG generation would increase) to

ensure that FOG Discharger Category determinations are applied and adjusted as needed.

Request for Variance from Automatic GRD or Interceptor Requirement

A Food Establishment may file a request to the SFPUC for a variance from the automatic GRD installation requirements if the Food Establishment can demonstrate that it is not feasible for a Grease Removal Device to be installed due to lack of physical space.

Other Ordinance Requirements

- Ordinance Prohibitions/Limitations ensure proper operation of grease capturing equipment and to prohibit disposal of FOG into the sewer system.

- General Ordinance requirements ensure that any grease capturing equipment installed meets City standards and is installed in compliance with City codes and regulations. These requirements also ensure proper management of the FOG diverted from the liquid wastestream and continued implementation of FOG-control Best Management Practices by food service establishments.

- The Ordinance contains requirements regarding servicing and maintenance of grease capturing equipment to ensure that the equipment is effective in diverting FOG and to facilitate the City's ability to inspect for equipment servicing.

Cost Savings on Sewer Service Charges for Eligible Food Service Establishments

San Francisco restaurants are a vital part of the local economy and culture. Automatic Grease Removal Devices are more expensive than the traditional passive grease trap. Automatic GRDs can range from a few thousand dollars (models with a capacity of 30 gpm or less) to around $5,000 for models that have a capacity of 30-50 gpm). Although restaurants may be able to arrange financing plans with vendors, SFPUC Wastewater Enterprise staff has worked with SFPUC Finance to propose a unique way to minimize the impact of the proposed Ordinance on local restaurants:

- Restaurants that have their own water/sewer bill with the SFPUC and are coded as 5812 (Eating Places) pay sewer service charges that include loading charges for oil and grease and Chemical Oxygen Demand.
- Food Establishments that install and properly service automatic Grease Removal Devices or large Interceptors are expected to reduce their loadings of oil and grease and Chemical Oxygen Demand.

- Based on the expected reduction in these discharge loadings, the sewer service charges would be adjusted down to $9.8731/unit (as compared to current 5812 charge of $11.5018/unit) - a 14.2% reduction.

A pilot study done to gather quotes from automatic GRD vendors for several Food Establishments in San Francisco showed that this sewer service charge adjustment would result in a pay back period for the equipment of less than one year or 1.5 years for smaller Food Establishments and around 5 years for a larger Food Establishment (one that required installation of two automatic GRDs).

Port Implementation of the Proposed FOG Ordinance

If the FOG Control Ordinance is approved by the Board of Supervisors and the ordinance is signed into law by Mayor Gavin Newsom, SFPUC and Port staff will work together to ensure compliance by Port tenants. The February 2010 edition of the 2008 Port of San Francisco Building Code became effective June 15, 2010 and clarified that the Port has the authority to require approvals of other agencies (including the SFPUC) prior to accepting an application and issuing a building permit. If the Board of Supervisors passes the FOG Control Ordinance, then the Port can require compliance with the FOG Control Ordinance as a condition of any building permit issued by the Port. This approach is consistent with the Port's obligations, as detailed in its Sanitary Sewer Management Plan, to implement a source control program to reduce FOG discharges to the sanitary sewer system.

SFPUC Wastewater Division staff and Port Building Inspection and Plumbing Inspection staff held several meetings during the past year to discuss how the two departments will coordinate Ordinance implementation. SFPUC Wastewater Division staff will work with Port staff to develop procedures for review and approval of grease capturing equipment in new food service establishments, during the period when Port building permits for the proposed establishments are being reviewed. This review will indicate whether field inspection and sign off by SFPUC is required or not. If required, the Port would not allow occupancy or give final approval to a permit without SFPUC approval.

Port tenants who are not seeking Building Permits will be subject to SFPUC inspections for compliance with the Ordinance equipment requirements and implementation dates of the four Risk Categories (see Table 1). Category 1 Dischargers will need to meet equipment requirements to install automatic Grease Removal Devices or Grease Gravity Interceptors within 60 days of notification by the City (and no later than July 1, 2013.) Category 2 Dischargers must ensure that existing equipment is fully operational. Failure to do so can result in the requirement to install automatic Grease Removal Device(s) or large interceptor(s). There are no changes to City requirements for Categories 3 and 4.

Conclusion

Port staff commends SFPUC for its comprehensive public outreach during the development of the proposed FOG Control Ordinance, as well as the thoughtful, risk-based approach to problem-solving that the Ordinance adopts.

The SFPUC will be seeking passage of the FOG Control Ordinance by the Board of Supervisors by January 2011, and the Ordinance will take effect within thirty days of the Mayor's signature. Port staff is prepared to incorporate SFPUC approval for compliance into the Port building permit process.

Prepared by: Richard Berman, Regulatory Specialist
Port Real Estate Division

Karen Hurst, Water Pollution Prevention Program Manager, SFPUC

Brad Benson, Special Projects Manager

Attachment 1: Draft Fats, Oils and Grease Control Ordinance dated July 16, 2010
Attachment 2: Letter of Support from Golden Gate Restaurant Association

FILE NO. ORDINANCE NO.

ATTACHMENT 1

[Establishment of regulatory controls for the discharge of fats, oils and grease into sewers.]

Ordinance amending Article 4.1 of the San Francisco Public Works Code by adding sections 140 – 140.7 to provide prohibitions, limitations and requirements for the discharge of fats, oils and grease into the City's sewerage system by food service establishments.

Note. Additions are *single underline italics Times New Roman*; deletions are ~~*strikethrough italics Times New Roman*~~. Board amendment additions are double underlined. Board amendment deletions are ~~strikethrough normal~~.

Be it ordained by the People of the City and County of San Francisco:

Section 1. Environmental Findings. The Planning Department has determined that the actions contemplated in this Ordinance are in compliance with the California Environmental Quality Act (California Public Resources Code sections 2100 et seq.). Said determination is on file with the Clerk of the Board of Supervisors in File No. _____ and is incorporated herein by reference.

Section 2. The San Francisco Public Works Code is hereby amended by adding to Article 4.1, Sections 140 – 140.7, to read as follows:

Section 140. Control of Fats, Oils and Grease

a. Sections 140 - 140.7 of this Article provide requirements for the control of the discharge of fats, oils and grease to the City's sewerage system. Large quantities of fats, oil and grease that are discharged from commercial and residential kitchens contribute to blockages in the City's sewerage system. The resulting clogs in sewer pipes cost the City millions of dollars each year in grease removal and sewer repair costs, and result in the overall degradation of the City's sewer infrastructure.

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b. This Article facilitates implementation of a comprehensive pollution prevention program to keep fats, oils and grease out of the City's sewer system, and compliance with the City's current Clean Water Act National Pollutant Discharge Elimination System (NPDES) permits and the Sanitary Sewer Overflow Waste Discharge Requirements (WDRs) permit, which are issued by the San Francisco Bay Regional Water Quality Control Board and the United States Environmental Protection Agency (US EPA).

c. The US EPA promotes the development of fats, oils and grease control programs throughout the country because approximately 40,000 fats, oils and grease-related sanitary sewer overflows that have the potential to contaminate the nation's water bodies occur each year. Nationwide, wastewater utilities have been sued for violations of the Clean Water Act caused by sanitary sewer overflows.

d. The City's aggressive efforts to control fats, oils and grease will enhance its compliance with the Clean Water Act, and also reduce the potential for system back-ups from the combined sewer system.

e. The primary objective of sections 140 - 140.7 of this Article is to reduce fats, oils and grease discharges from local food service establishments into the City's sewerage system. Food service establishments are required by current regulations to comply with a limit on the amount of total oil and grease they can discharge into City sewers. This discharge limit has not been completely effective in keeping fats, oils and grease out of the sewers. Many food service establishments have grease capturing equipment that is not well maintained or serviced and does little to remove grease from wastewater discharges. Other food service establishments have no grease capturing equipment at all.

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f. Sections 140 - 140.7 of this Article will:

1. Provide standards for the types of grease capturing equipment that must be installed by food service establishments;
2. Provide for the effective long-term use of grease capturing equipment through related operational requirements and prohibitions, and periodic inspections;
3. Increase opportunities for recovering from wastewater discharge lines both food solids (which can be composted) and waste grease (which can be recycled, and may also be able to be converted to biofuel);
4. Aid in preventing sanitary sewer blockages and obstructions from contributions and accumulation of fats, oils and grease in the sanitary sewerage system;
5. Prevent the uncontrolled introduction of fats, oils and grease into the sewage system that will interfere with its operation; and
6. Facilitate City compliance with applicable federal and state laws regarding sewerage system operations.

Section 140.1 Applicability.

The provisions of sections 118 – 139 of this Article apply to the discharge of fats, oils and grease to the City's sewerage system, except to the extent different requirements or procedures are provided in sections 140.1 – 140.7 of this Article. Sections 140.1 – 140.7 of this Article are intended to complement, rather than supersede, the provisions of City building codes and regulations applicable to the installation and operation of grease capturing equipment.

Section 140.2 Definitions.

In addition to the definitions provided in section 119 of this Article, the following definitions are applicable to the discharge and control of fats, oils and grease:

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a. Best Management Practices (BMPs). Operational activities, prohibitions, maintenance procedures, and other management activities that implement the requirements of this Article, state and federal law, and Department rules, regulations, permits or authorizations.

b. Fats, Oils and Grease (FOG). Organic polar compounds derived from vegetable/plant or animal sources composed of long-chain triglycerides that are used in, or are byproducts of, the cooking or food preparation process. A wide range of food preparation activities, including but not limited to the following, can generate fats, oils or grease: cooking by frying, baking, grilling, sautéing, rotisserie cooking, broiling, boiling, blanching, roasting, toasting, poaching, infrared heating, searing, barbequing, or any other food preparation activity that produces a hot food product in or on a receptacle that requires washing.

c. First Certificate of Occupancy. A temporary certificate of occupancy or a Certificate of Final Completion and Occupancy, as defined in San Francisco Building Code Section 109A, whichever is issued first.

d. Food Service Establishment (FSE). A non-residential wastewater discharger that engages in activities of preparing, serving, or otherwise making available food for consumption by the public or on the premises, including restaurants, commercial kitchens, caterers, hotels and motels, schools, hospitals, prisons, correctional facilities, nursing homes, care institutions, and any other facility preparing and serving food for public consumption. Food Service Establishments consist of the following four categories of FOG dischargers:

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i. Category 4 FOG Discharger: A FSE that engages only in reheating, hot holding, or assembly of ready to eat food products. Category 4 FOG Dischargers are also referred to as Limited Food Preparation Establishments.

ii Category 3 FOG Discharger: A FSE that, in the process of preparing and making food available to the public or on the premises, generates FOG that is discharged into the City's sewerage system, and has been determined by the General Manager to pose a less-significant risk of discharging FOG to the sewerage system. Category 3 FOG Dischargers are also referred to as Less-Significant Grease Dischargers.

iii. Category 2 FOG Discharger: A FSE that, in the process of preparing and making food available to the public or on the premises, generates FOG that is discharged into the City's sewerage system, and, prior to March 1, 2011, had installed grease capturing equipment that was properly sized and installed, and remains fully operational and properly maintained and serviced, as determined by the General Manager.

iv. Category 1 FOG Discharger: A FSE that, in the process of preparing and making food available to the public or on the premises, generates FOG that is discharged into the City's sewerage system, and does not meet the criteria for Category 2, Category 3 or Category 4 FOG Dischargers.

e. Gravity Grease Interceptor (GGI). A plumbing appurtenance or appliance that is installed in a sanitary drainage system to intercept non-petroleum fats, oils and grease from a wastewater discharge and is identified primarily by gravity separation and a minimum total volume of 300 gallons.

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f. Grease Capturing Equipment. A plumbing appurtenance or appliance that is installed in a sanitary drainage system to separate fats, oils and grease from a wastewater discharge. Grease capturing equipment include gravity grease interceptors, hydromechanical grease interceptors, grease removal devices and any other grease capturing equipment authorized by the General Manager or the Department.

g. Grease Capturing Equipment Waste. Material collected in and from grease capturing equipment, including any solids resulting from dewatering processes.

h. Grease Removal Device (GRD). Any hydromechanical grease interceptor that automatically, mechanically removes non-petroleum fats, oils and grease from the interceptor, the control of which are either automatic or manually initiated.

i. Hydromechanical Grease Interceptor (HGI). A plumbing appurtenance or appliance that is installed in a sanitary drainage system to intercept non-petroleum fats, oils and grease from a wastewater discharge and is identified primarily by a design that incorporates hydromechanical separation.

j. Less-Significant Grease Discharger. A FSE Category 3 FOG Discharger.

k. Limited Food Preparation Establishment. A FSE Category 4 FOG Discharger.

Section 140.3 Prohibitions and Limitations.

a. Disposal of Fats, Oils and Grease or any food waste containing Fats, Oils and Grease directly into drains leading to the sewer system is prohibited, except in accordance with this Article, the Department's rules and regulations, and applicable building codes and regulations.

b. Notwithstanding section 123(e)(3) of this Article, installation of garbage grinders in new Food Service Establishments after January 1, 2011 is prohibited. Garbage grinders in

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existing Food Service Establishments shall be removed or rendered permanently inoperative by March 1, 2011.

c. Discharge of wastewater with temperature higher than 140°F to or through grease capturing equipment is prohibited.

d. Discharge of wastewater from dishwashers to or through grease capturing equipment is prohibited.

e. Discharge of water closets, urinals, and other plumbing fixtures conveying human waste to or through any type of grease capturing equipment is prohibited.

f. The concentration of Fats, Oils and Grease discharged from Food Service Establishments into the City's sewerage system shall not exceed the discharge limit for total recoverable oil and grease established pursuant to Article 4.1 of the San Francisco Public Works Code, as amended from time to time.

g. The discharge of solvents or additives that emulsify grease into drainage pipes leading to grease capturing equipment is prohibited.

h. The use of biological additives, including, but not limited to enzymes, into drainage pipes leading to grease capturing equipment is prohibited.

Section 140.4 General Requirements.

a. All Food Service Establishments, with the exception of Limited Food Preparation Establishments, shall install, operate, maintain and service Grease Capturing Equipment and implement specified Best Management Practices, in accordance with this Article, any permits, authorizations, rules and regulations issued by the General Manager and Department, and applicable City building codes and regulations.

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b. All Food Service Establishments shall properly store and recycle or dispose of Fats, Oils and Grease diverted from their liquid wastestreams in accordance with all laws and regulations applicable to such storage, recycling and disposal.

c. All Food Service Establishment kitchen fixtures connected to drainage pipes that lead to grease capturing equipment or sewer laterals shall have small-mesh food strainers that are intact and functional.

d. All Food Service Establishment wastewater dischargers must at all times comply with the provisions of this Article, all other applicable local, state and federal laws, including but not limited to applicable provisions of the San Francisco Health Code and San Francisco Building and Plumbing Codes, and applicable rules, regulations, permits and authorizations issued by the General Manager and the Department.

e. All Food Service Establishments shall ensure that all pots, pans, dishware and work areas are wiped prior to washing of such utensils, equipment or areas; and shall implement any other Best Management Practices deemed appropriate by the General Manager or the Department.

f. All Food Service Establishments shall apply for a wastewater discharge permit or other authorization if required by the General Manager.

Section 140.5 Grease Capturing Equipment Requirements.

a. All grease capturing equipment shall be installed in accordance with this Article, any permits, authorizations, rules and regulations issued by the General Manager and the Department, and applicable City building codes and regulations.

b. Any Grease Removal Devices installed by a Food Service Establishment in accordance with the requirements of this Article shall conform to standards or guidelines deemed applicable by the General Manager or the Department.

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c. Category 1 FOG Dischargers shall install a Grease Removal Device (or a Gravity Grease Interceptor) in accordance with the provisions of this Article within 60 days of notification by the General Manager, but in any event no later than July 1, 2013.

d. Category 2 FOG Dischargers shall install a Grease Removal Device (or a Gravity Grease Interceptor) in accordance with the provisions of this Article and within a time period specified by the Department when notification is given to the FSE , if one or more of the following conditions applies, as determined by the General Manager:

i. The pre-existing grease capturing equipment Is not properly sized, properly installed, fully operational or properly maintained and serviced.

ii. The wastewater discharge from the FSE does not comply with the City's wastewater discharge limit for total recoverable oil and grease.

iii. The FSE is causing or contributing to grease accumulation problems in sewer laterals or sewer mains.

iv. Some or all of the fats, oils and grease waste containing discharge lines are not connected to pre-existing grease capturing equipment, and connecting these to pre-existing grease capturing equipment is not appropriate.

e. Category 3 or Category 4 FOG Dischargers that change operations to the extent that the FSE no longer meets the definition of a Category 3 or Category 4 FOG discharger, shall comply with the grease capturing equipment requirements of Category 1 or Category 2 FOG Dischargers, whichever is applicable, as determined by the General Manager.

f Category 3 or Category 4 FOG Dischargers causing or contributing to grease accumulation problems in sewer laterals or sewer mains, as determined by the General Manager, shall comply with the grease capturing equipment requirements of

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Category 1 or Category 2 FOG Dischargers, whichever is applicable, as determined by the General Manager.

g. A Food Service Establishment may file a request to the General Manager for a variance from the Grease Removal Device installation requirements of this Article if the FSE can demonstrate that it is not feasible for a Grease Removal Device to be installed due to lack of physical space. The Food Service Establishment requesting such a variance shall bear the burden of demonstrating that the installation of a Grease Removal Device is not feasible. The determination as to whether a FSE qualifies for a variance for the reasons detailed in this subsection shall be at the sole discretion of the General Manager.

Section 140.6 New Construction, Changes in Ownership, and Remodeling

a. The following requirements shall apply when ownership of an existing Food Service Establishment changes:

1. Within 30 days of the official transfer of ownership, the new owner shall apply for a Food Service Establishment Wastewater Discharge Permit, or other authorization, as required by the Department rules and regulations. The application shall describe any changes in food preparation and/or kitchen fixtures that could affect the FOG Discharger category that was assigned to the establishment under its previous ownership.

b. The following requirements shall apply to newly constructed Food Service Establishments:

1. Category 3 FOG Dischargers, also referred to as Less-Significant Grease Dischargers, shall install Grease Capturing Equipment and the equipment shall be

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operational prior to commencing the discharge of wastewater from food processing and/or kitchen areas into the City's sewerage system.

2. Category 1 FOG Dischargers shall install a Grease Removal Device or a Gravity Grease Interceptor and the equipment shall be installed and operational prior to commencing the discharge of wastewater from food processing and/or kitchen areas into the City's sewerage system.
3. No City department shall issue a First Certificate of Occupancy to a new Food Service Establishment until it has complied with this section.

c. Any existing non-Food Service Establishment business that expands or renovates its operations to include a Food Service Establishment, with the exception of a Limited Food Preparation Establishment, shall comply with the requirements of section 140.6(b)(1) or 140.6(b)(2), whichever is applicable.

d. Existing Food Service Establishments proposing remodeling or renovations that require a plumbing permit for work in food processing and/or kitchen areas and meet the criteria below shall be required to install, as part of their project, a Grease Removal Device or Gravity Grease Interceptor that complies with this Article and applicable City building codes:

1. Modifications are proposed to under-slab plumbing in the food processing or kitchen areas; and/or
2. An increase in the size of the kitchen area is proposed; and/or
3. Changes to the size and/or type of food preparation equipment are proposed which will increase the amount of fats, oils and grease discharged into the sewerage system.

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Section 140.7 Maintenance and Operations.

a. Grease capturing equipment must be operated and maintained effectively and properly at all times, and in accordance with any rules and regulations issued by the General Manager and the Department. Food Service Establishments shall be required to keep and/or provide equipment maintenance and service logs or receipts, and to retain such logs on-site.

b. Grease capturing equipment shall be maintained at a frequency such that the combined fats, oil and grease and solids accumulation does not exceed 25% of the total hydraulic depth of the equipment.

c. Food Service Establishments shall comply with any Department directive to increase the frequency of Grease Capturing Equipment servicing, if the frequency of servicing is not adequate to ensure that the combined fats, oil and grease and solids accumulation does not exceed 25% of the total hydraulic depth of the equipment.

d. In addition to the specific grease capturing equipment operation and maintenance requirements in this Article, Food Service Establishments must follow the manufacturers' recommendations and guidelines for appropriate operation and maintenance of the grease capturing equipment. Information on the manufacturer-recommended operations and maintenance of the grease capturing equipment shall be retained on-site by the Food Service Establishment.

e. Gravity Grease Interceptors shall be serviced and emptied of accumulated waste content as required to maintain efficient operations and shall be pumped out and cleaned only by a waste hauler certified by the California Department of Food and Agriculture.

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f. Grease Capturing Equipment Waste that is removed by any means other than self-cleaning must be removed by a grease hauler certified by the California Department of Food and Agriculture. The maintenance records signed by the certified grease hauler shall be retained on-site by the Food Service Establishment for three years.

g. Materials removed from grease capturing equipment shall not be reinserted into the interceptor or allowed to pass into the sewerage system.

h. Best Management Practices regarding maintenance and operations of grease capturing equipment, specified by the Department, shall be implemented by all Food Service Establishments.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: _____
JOHN RODDY
Deputy City Attorney

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August 3, 2010

ATTACHMENT 2

Ms. Karen Hurst
Water pollution Prevention Program Manager
San Francisco Public Utilities Commission
3801 3rd Street
Suite 600
San Francisco, CA 94124

Dear Karen,

Thank you for your efforts to craft fair and meaningful legislation. The Golden Gate Restaurant Association supports the SFPUC's FOG Ordinance 071610. The ordinance clearly considers the needs of all parties and moves aggressively forward with regulations to reduce FOG entering our City's sewage system.

The GGRA is always concerned with balancing cost to our member restaurants with good public policy. The ordinance you have crafted achieves a fair balance. By creating four categories of dischargers you have focused regulatory effort on the worst FOG dischargers (Category One). In Category Two restaurants with properly sized and maintained grease capturing equipment have the opportunity to properly maintain their grease capturing system and avoid a significant capital investment during an obviously difficult financial period. The ordinance also calls out the potential for a hardship variance, which may or may not be used but at least considers the worst case scenario for a very limited number of circumstances.

The GGRA is in agreement that new construction, or significant remodel and expansion, should require installation of the newest and approved grease capturing technology. We always prefer a potential buyer knows the requirements before completing a deal so they can plan accordingly.

Thank you for involving the restaurant association in the details of the ordinance as it moved through development. We appreciate the opportunity to participate in crafting legislation that impacts the restaurant community, and congratulate you and your team on completing meaningful legislation.

Sincerely,

Kevin Westlye
Executive Director
Golden Gate Restaurant Association

PORT OF SAN FRANCISCO

MEMORANDUM

September 23, 2010

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Kimberly Brandon, Vice President
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Request approval of term sheet for Seawall Lot 351(at Embarcadero and Washington Street) with San Francisco Waterfront Partners II, LLC as part of the 8 Washington Project

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

SUMMARY

This staff report presents the Term Sheet Port Staff has negotiated for disposition of Seawall Lot 351 (SWL 351), currently a surface parking lot, located on The Embarcadero at Washington Street, in conjunction with the Golden Gateway Tennis and Swim Club site located at 8 Washington Street (GGTSC Site) the adjacent property to the east and north (shown in Exhibit A). San Francisco Waterfront Partners II, LLC (SFWP) was awarded the SWL 351 development opportunity on February 24, 2009 (Resolution 09-12) following a request for proposal process. The Term Sheet presents a conceptual agreement by the parties of the terms of a transaction, based on policy direction by the Port Commission and responding to the Northeast Embarcadero Study (NES) published by the San Francisco Planning Department in May 2010.

SFWP has revised the project it proposed in December 2008 to respond to the NES. The revisions adjust the height and massing of buildings but, generally, result in a project of similar scale.

Staff asks for authority to move forward to negotiate a development agreement with SFWP to include SWL 351 with the adjacent GGTSC Site as part of a single project on the 3.2 acre combined site area (as proposed, the Project). The transaction would result in a land transfer, guaranteed payments of no less than $5 million dollars to the Port of San Francisco, and a land lease with annual payments of $120,000 per year. In addition, the transaction includes provision for future payments to the Port triggered by

This Print Covers Calendar Item No. 10A

resale of condominiums created by the Project. SFWP agrees to include the entire site in a to-be-established Infrastructure Financing District (IFD) that will allow a portion of growth in property taxes to be reinvested in public facilities. The IFD funding from the project is estimated starting at $2.5 million annually. No more than $5 million of these funds will be used for project-related public realm improvements recommended in the NES. Port staff has estimated that the tax increment from this project could generate more than $24 million in bonding capacity for other Port projects such as the Pier 27 cruise terminal. Port staff will bring a proposed plan for IFD funding for waterfront improvements to the Port Commission upon consideration of the IFD district expected later this year.

BACKGROUND

On February 24, 2009, by Resolution 09-12, the Port Commission authorized Staff to negotiate and enter into an Exclusive Negotiating Agreement (ENA) with SFWP for development rights for SWL 351 following a competitive request for proposals process. In addition to the standard terms of a Port development project, the Port Commission direction included the following milestones for project review:

1. Engage in a **planning process** [for the combined site] to respond to continuing community concerns about height and massing.
2. Development of a **term sheet** for review and approval by the Port Commission. That term sheet will include at a minimum the following terms:
 - Guaranteed minimum rent ($500,000 per year), annual increases, percentage rent and Port participation in sale and financing proceeds must be set at fair market value and must comply with the terms indicated in the RFP.
 - The developer will be responsible for all development and operating costs of the project and any land exchange or lease agreement will include provisions to ensure the Port has no ongoing costs from this project in perpetuity.
 - Port interest in the land will not be subordinated to any debt or claim.
 - The transaction documents should include specific requirements for creating and retaining public parks, open space, active recreation and public parking as permanent conditions of the project.

The City's Planning Department led the NES planning process that included the 3.2 acre site under consideration as well as other Port properties and the public realm on the land side of The Embarcadero from Washington Street to North Point. The NES was a year-long process which concluded with presentations to the Planning Commission on July 1, 2010 and the Port Commission on July 13, 2010. By resolution on July 8, 2010, the Planning Commission "urge[d] the Port of San Francisco to consider the principles and recommendations proposed in the Northeast Embarcadero Study when considering proposals for new development in the study area and when considering public infrastructure improvements in the study area."

A coalition of neighborhood organizations filed a lawsuit challenging the Planning Commission's July 8, 2010 action on the grounds that it occurred prior to a comprehensive analysis of the NES under the California Environmental Quality Act.

DEVELOPMENT CONCEPT FOR THE PROJECT

The Project is a mixed use project with 165 residential condominiums, a visitor-serving, below grade, parking garage, a re-built private, tennis and swim club, restaurants and retail uses, and new public parks and open spaces.

A new public park is proposed for the portion of the site north of Pacific Avenue, and the 48 foot-wide portion of the site along the Jackson Street right-of-way (Jackson Commons) will become public open space. In exchange for the lands becoming public passageways or parks, portions of SWL 351 would be transferred to SFWP for development of the mixed use project.

Exhibit B includes the revised design. The 3.2 acre site will be bisected by reopening Jackson Street and Pacific Avenue as public passageways, effectively creating three blocks bounded by these new public, pedestrian walkways and the existing Embarcadero, Washington, and Drumm Streets. The uses proposed on these three new blocks are described below:

Washington/Drumm/Jackson/ Embarcadero: This block will include two condominium buildings containing approximately 165 condominiums, ground floor retail and restaurant use and a 3-level underground parking garage. The eastern building, along the Embarcadero, will be between 48 and 70 feet high and will contain approximately 54 residential condominiums, with ground floor retail and restaurant uses. The western building will be between 84 and 136 feet high and will contain approximately 111 residential condominiums, with ground floor retail and restaurant uses.

A three level underground parking garage will be built below this block. The garage will contain up to 255, but no less than 90, public parking spaces available for waterfront visitors and 165 residential condominium parking spaces, for a total of up to 420 parking spaces.

Jackson/Drumm/Pacific/ Embarcadero: The rebuilt Golden Gateway Tennis and Swim Club containing four outdoor ground level tennis courts, a 12,800 square foot fitness center and two outdoor rooftop swimming pools will occupy this block.

Pacific Avenue/Embarcadero/Drumm: The third block, Pacific Avenue Park, will contain approximately 11,000 square feet of public open space and a 4,000 square foot restaurant.

SWL 351 TERM SHEET

The Term Sheet (Exhibit C) sets forth the basic elements of SFWP's proposed development concept and uses for the Project, and the economic parameters and other fundamental terms that will serve as the basis for negotiating a detailed disposition and

development agreement, a purchase and sale agreement, a ground lease, and related transaction documents between the Port and Tenant (the "Transaction Documents"), with the understanding that the Project will continue to evolve throughout the public review process. It is subject to completion of environmental review of the Project, including a full range of appropriate alternatives and mitigation measures for the Project in its entirety under the California Environmental Quality Act ("CEQA"). The Term Sheet may be subject to further changes in the course of public review of the Project during the extensive approval processes that will follow CEQA review and in response to other City, Port, and public concerns that may arise, and is limited to the uses currently proposed by SFWP, and does not cover all potential uses for Seawall Lot 351, which the Port may consider in the course of the approval processes. The Term Sheet may be amended, along with the ENA, to reflect any subsequent proposal to change the uses, the mix of uses, the intensity of development, or other fundamental terms, subject to Port Commission review and additional CEQA review, if the changes have not already been analyzed. Along with any underlying documents such as pro forma, the Term Sheet is not intended to be, and will not become, contractually binding until the parties execute and deliver the Transaction Documents.

Transaction Structure

In the RFP the Port contemplated a long term lease of SWL 351 with minimum annual lease payments of $500,000. SFWP in its December 2008 submittal proposed a structure that included an internal swap within the combined SWL 351/GGTSC Site and sale of portions of SWL 351. Under the proposed Term Sheet the Port, SFWP and the State Lands Commission would enter into an exchange agreement for portions of SWL 351 and portions of the GGTSC Site. The exchange agreement would result in the removal of the public trust designation on the majority of SWL 351 in exchange for imposing the public trust designation on a portion of the GGTSC Site (as shown in Exhibit B). The trust swap effectuated by the exchange agreement would allow for the sale of portions of SWL 351 for residential development, in exchange for development of public trust open space and restaurant uses on portions of the GGTSC Site that are not currently encumbered by the public trust.

Upon implementation of this trust exchange, SFWP would purchase the majority of SWL 351 from the Port and lease Jackson Commons and Pacific Avenue Park parcel from the Port for 66 years. A 4,000 square foot restaurant sublease parcel would be identified within the Pacific Avenue Park lease.

The residential condominiums would be sold. The developer would lease the retail and restaurant portions of the project to private operators. The developer or future transferee would own the private recreation club. The developer would operate the visitor serving parking garage and be responsible for all operating costs of the site, including the parks and public areas.

Financial Terms

For the sale of the majority of SWL 351 the Port will receive a $3 million guaranteed payment upon stabilization (defined as one year following receipt of a temporary

certificate of occupancy) of the Project. Additionally SFWP must record covenants committing all owners to transfer payments to the Port of ½ percent of sale value for all sales of the residential condominiums and all sales of commercial condominiums except the first sale. The Golden Gate Tennis and Swim Club as a recreational amenity is excluded from the transfer payment structure. SFWP will guarantee a minimum of $2 million from the initial transfer payments from the residential condominiums created by the Project.

SFWP will lease the remainder of SWL 351(a portion of the Jackson Commons) and the exchange parcels (Pacific Avenue Park) for use as publicly accessible open space. SFWP will complete public improvements and then lease these parcels for 66 years, paying $120,000 per year upon completion. Rent will be adjusted every 5 years by the CPI with a minimum increase of 2% and a maximum of 4% per annum. The Project will be responsible for all operations and maintenance of this open space in perpetuity. SFWP proposes restaurant, café and other concession uses in the park parcels. The Port will receive 15% of gross rent from any restaurant or other concession use income generated within these areas.

During the construction period SFWP will pay the Port $60,000 per year.

Public Finance

SFWP will be required to include the GGTSC Site in an Infrastructure Financing District (IFD) as a requirement of acquiring SWL 351. Following Board approval of the IFD (that includes GGTSC Site) formation, up to $5 million of certain project related off-site public improvement costs (to be defined) will be funded with IFD tax increment funds. These improvements on publicly-owned or dedicated property will implement the public realm improvements (including sidewalk widening, street furnishings, etc.) recommended in the Northeast Embarcadero Study.

The Port agrees to use best efforts to cooperate with SFWP to include SWL 351 in a Mello-Roos Community Facilities District (CFD). CFD assessments would be applied to property within the Project site, and CFD funds will only be used for capital and maintenance costs for public components of the Project. If engineering and cost analyses deem additional funding is needed to finance agreed upon public improvements, the Port agrees to designate some or all of the $120,000 per year park rent to augment CFD financing of these public improvements.

Analysis of Financial Terms

As outlined above the Port will receive multiple payment streams in consideration for entering into this transaction with SFWP. The Port will receive $5 million in land payments (including guaranteed transfer payments from the first sales of the residential condominium units) at or near stabilization of the Project. After the initial sales during the stabilization period, all subsequent commercial and residential condominium sales are subject to transfer payments to the Port. These are conservatively projected to total $25.3 million over 66 years with an estimated net present value (NPV) of $3.1 million.

The Port would also receive lease revenue from short term construction rent and the long term park lease. Expected construction lease revenue is $180,000, and park lease revenue is projected at $22,781,676 over the 66 year life of the park lease. These lease revenues are projected to have an NPV of approximately $2.4 million. Additionally the Port could receive percentage rents from any commercial uses in the parks area, projected at $4.8 million over the life of the lease with an estimated NPV of $400,000.

Project Port Revenue

Source	Total	Net Present Value
Land Payments	$3,000,000	$2,448,894
Transfer Payments		
First Transfer	$2,000,000	$1,632,596
Subsequent Transfers	$25,307,464	$3,160,912
Construction Period Rent	$180,000	$157,459
Long-term Park Lease	$22,781,676	$2,277,641
Restaurant Lease	$4,780,586	$412,732
Total	**$58,049,726**	**$10,090,234**

In total it is expected that the NPV of the Port's compensation would be approximately $10.1 million. This compares favorably to the $9.6 million NPV of $500,000 annual rent proposed in SFWP's RFP submittal and represents fair market compensation for the sale of Seawall Lot 351. Given the development constraints of SWL 351 this value exceeds the value of stand alone development on SWL 351. Over half of this value is in the form of short term guaranteed payments providing the Port Commission monies to contemplate investing in other needed waterfront improvements. Additionally, long term transfer payments from sales and resales of condominiums represents a new revenue source for the Port.

The Project is expected to generate approximately $400 million on new assessed value on the combined Project site. By agreeing to include both SWL 351 and the GGTSC site in a new Port IFD (subject to the approval of the Board of Supervisors) the Port can expect over $2.5 million of tax increment to flow to the Port annually. This revenue will flow to the Port for up to 40 years and will likely increase over time. Port staff has estimated that the tax increment from this project could generate more than $24 million in bonding capacity for other Port projects such as the Pier 27 cruise terminal.

This transaction guarantees short term payments, enhances long term lease revenue and provides the Port with a new mechanism to participate in the long term appreciation of this real estate asset. Given the current state of the real estate and financing markets the finance structure allows the Port to unlock the value of the site by accepting payments at stabilization and receiving long term participation in the financial upside of the Project.

PUBLIC COMMENT/CONCERNS

As evidenced by the extensive comments on the NES study throughout its duration and when presented at both Port and Planning Commissions, there is substantial public sentiment both in support of and in opposition to this Project. The Port Commission has

held 7 public hearings on this project concept since May 2006 and 2 on the NES. Additionally, the NES effort included 5 community meetings and 2 Planning Commission presentations.

It is worth noting that the proposed Project includes a re-built tennis and swim club and the Port expects that the final Project approvals will include agreements by SFWP granting rights to current tennis and swim club members for future use. Similarly, the proposed Project replaces, and expands, the amount of public parking for waterfront visitors. The final transaction documents will address provision of parking during the construction period.

NEXT STEPS

If the Port Commission endorses it, the Term Sheet will be submitted to the Board of Supervisors ("Board") for endorsement. The Board action will include public hearings and opportunities for public comment. The Board review of the Term Sheet is consistent with the recommendations of the 2004 Management Audit of the Port by the Board of Supervisor's Budget Analyst as a means of providing the Board with an "early read" on Port development projects. It should be noted that, under the financial structure proposed in the Term Sheet, the Port will not seek the Board's determination of financial feasibility under Administrative Code Chapter 29 because tax increment funds and Mello-Roos special taxes are not public funds for the purpose of the ordinance.

If the Port Commission and the Board endorse the Term Sheet, Port staff will move forward with environmental review, project design review, public trust analysis, and negotiation of transaction documents for the Project. Throughout this process, there will be numerous opportunities for public comment and review of the proposed Project. A draft environmental Impact report is expected to be published in late 2010 or early 2011. Further Port Commission consideration will occur after that report is certified by the Planning Commission.

RECOMMENDATION

Port staff recommends that the Port Commission approve the attached resolution endorsing the Term Sheet shown in Exhibit C.

Prepared by: Kathleen Diohep, Project Manager
Jonathan Stern, Assistant Deputy Director
Waterfront Development

For: Byron Rhett, Deputy Director
Planning & Development

Exhibits
A. Site Map
B. Project Proposal
C. Term Sheet

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 10-66

WHEREAS, Charter Section B3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate, and control the lands within Port jurisdiction; and

WHEREAS, The Port owns Seawall Lot 351 ("SWL 351"), located at Washington and The Embarcadero as shown on the map attached as Exhibit A; and

WHEREAS, By Resolution 09-12, the Port Commission awarded to San Francisco Waterfront Partners II, LLC ("SFWP") an exclusive right to negotiate with the Port to develop SWL 351 in combination with 8 Washington Street; and

WHEREAS, SFWP entered into an Exclusive Negotiating Agreement, effective August 26, 2009 (the "ENA"), setting forth the process, terms, and conditions upon which the Port and SFWP agreed to negotiate certain transaction documents for the disposition and development of SWL 351 and requiring the Port and SFWP to negotiate a Term Sheet to describe the basic elements of the proposed project, site plan, use program, economic parameters, and other fundamental terms that will serve as the basis for defining the proposed project for the purpose of undertaking environmental review under the California Environmental Quality Act and negotiating transaction documents; and

WHEREAS, Resolution 09-12 also directed SFWP and Port staff to participate in the Northeast Embarcadero Study, (the "NES") a community planning process led by the San Francisco Planning Department, as recommended in the February 19, 2009 letter to the Port Commission from Supervisor David Chiu; and

WHEREAS, The Planning Department presented the NES recommendations on July 8, 2010 to the Planning Commission and on July 13, 2010 to the Port Commission; and

WHEREAS, SFWP has submitted an updated building proposal for the Site in combination with 8 Washington Street (the "Project"), responding to the recommendations of the NES, attached as Exhibit A, describing the proposed Project; and

WHEREAS, SFWP and Port staff have negotiated the Term Sheet attached as Exhibit B, which sets forth the essential terms upon which the Port and Developer will negotiate in good faith to reach agreement on the final transaction documents; and

WHEREAS The parties acknowledge that the Term Sheet is not itself a binding agreement that commits the Port or Developer to proceed with the approval or implementation of the Project and that the Project will first undergo environmental review under CEQA and will be subject to public review in accordance with the processes of the Port Commission, other City departments and offices, and other government agencies with approval over the proposed Project before any entitlements and other regulatory approvals required for the Project will be considered; and

WHEREAS Consistent with the terms of the RFP, the Term Sheet specifies that, if the proposed Project is approved and developed, the Port would receive land payments representing fair market value for the portions of SWL 351 proposed to be conveyed to SFWP; now, therefore, be it

RESOLVED, That the Port Commission hereby endorses the Term Sheet and authorizes and directs the Executive Director of the Port, or her designee, to execute the Term Sheet and work with the Developer to undertake environmental review and to initiate any regulatory actions needed for the Project, with the understanding that the final terms and conditions of any development agreement, lease, and related documents negotiated between Port staff and SFWP during the exclusive negotiation period will be subject to the approval of the Port Commission; and, be it further

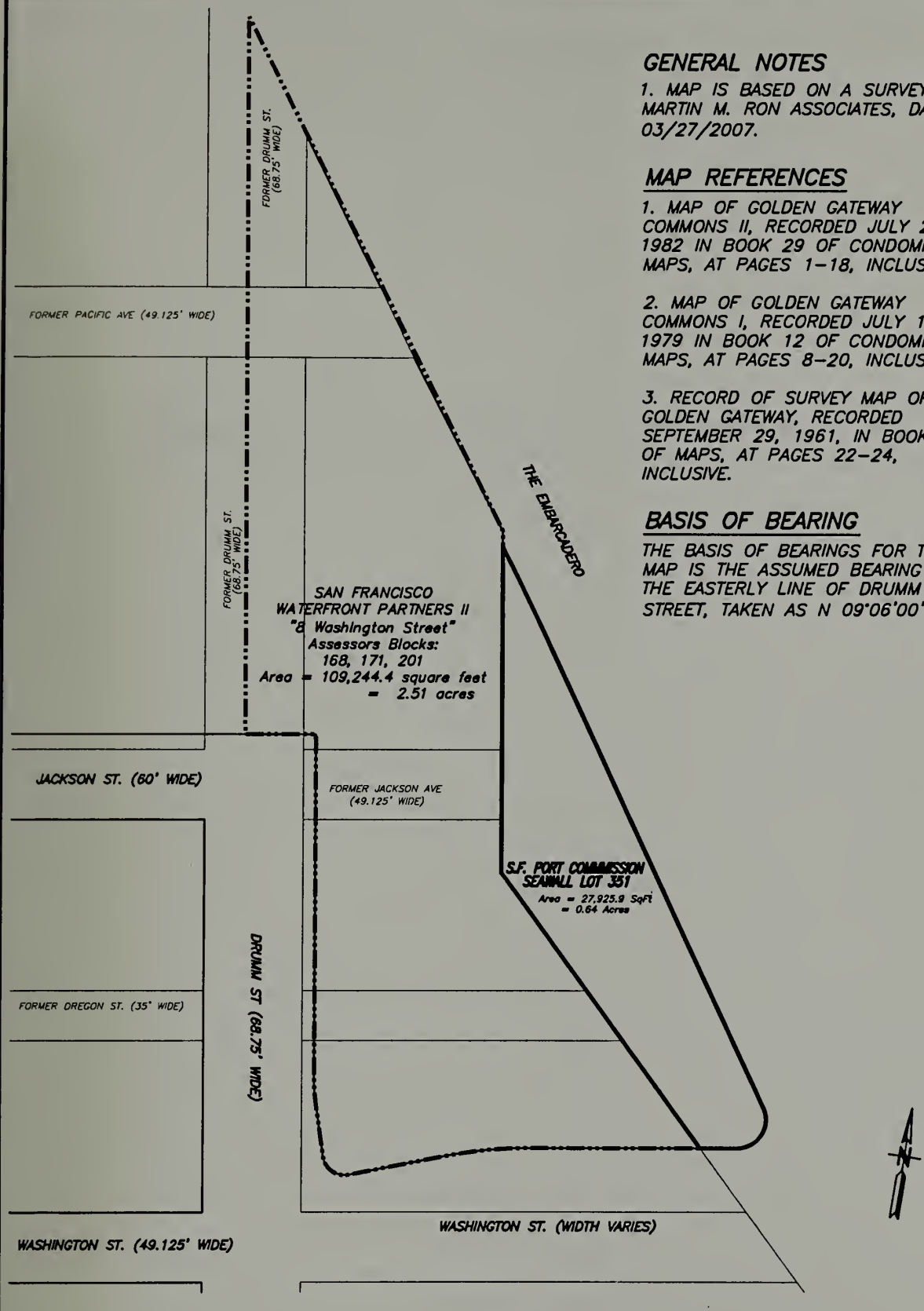
RESOLVED, That the Port Commission authorizes and directs the Executive Director of the Port, or her designee, to present the Term Sheet to the Board of Supervisors for its review and endorsement, and if the Board of Supervisors fails to endorse the Term Sheet, to either terminate the ENA or negotiate for a revised Term Sheet for the Port Commission's consideration in accordance with Section 3.3(b) of the ENA; and be it further

RESOLVED, That approval of the Term Sheet and direction to Port staff do not commit the Port Commission to approval of final Transaction Documents or implementation of the Project or grant any entitlements to Developer, nor does the Term Sheet foreclose the possibility of considering alternatives to the proposal, mitigation measures or deciding not to grant entitlement or approve or implement the Project, after conducting appropriate environmental review under CEQA, and while the Term Sheet identifies certain essential terms of a proposed transaction with the Port, it does not necessarily set forth all of the material terms and conditions of any final transaction documents; and, be it further

RESOLVED, That the Port Commission will not take any discretionary actions committing the Port to implement the Project, and the provisions of the Term Sheet are not intended and will not become contractually binding on the Port unless and until the Port Commission has reviewed and considered environmental documentation prepared in compliance with the California Environmental Quality Act ("CEQA") for the Project and negotiated and approved final agreements for the Project.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of September 28, 2010.

Secretary



GENERAL NOTES

1. MAP IS BASED ON A SURVEY BY MARTIN M. RON ASSOCIATES, DATED 03/27/2007.

MAP REFERENCES

1. MAP OF GOLDEN GATEWAY COMMONS II, RECORDED JULY 22, 1982 IN BOOK 29 OF CONDOMINIUM MAPS, AT PAGES 1–18, INCLUSIVE.

2. MAP OF GOLDEN GATEWAY COMMONS I, RECORDED JULY 13, 1979 IN BOOK 12 OF CONDOMINIUM MAPS, AT PAGES 8–20, INCLUSIVE.

3. RECORD OF SURVEY MAP OF GOLDEN GATEWAY, RECORDED SEPTEMBER 29, 1961, IN BOOK T OF MAPS, AT PAGES 22–24, INCLUSIVE.

BASIS OF BEARING

THE BASIS OF BEARINGS FOR THIS MAP IS THE ASSUMED BEARING OF THE EASTERLY LINE OF DRUMM STREET, TAKEN AS N 09°06'00" W.

EXHIBIT A

DRAWN BY: AMN | DATE: 31 JUL 2009
CHECKED BY: K. DICKEP | SCALE: 1" = 100'
PLACE CODE NO. 3510–00 | SHEET NO. 1 OF 1 SHEETS

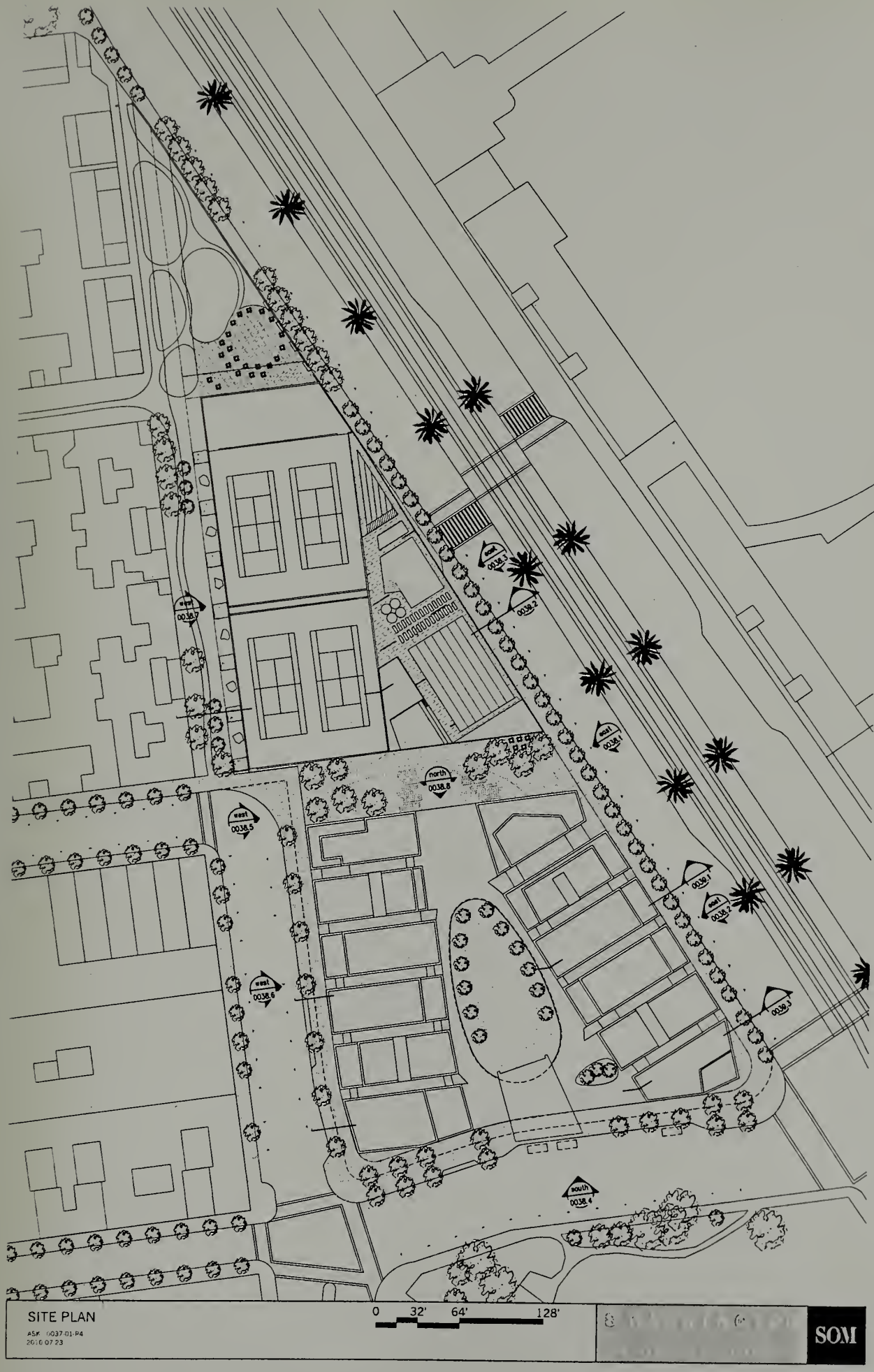
TENANT
EXCLUSIVE RIGHT TO NEGOTIATE
S.F.WATERFRONT PARTNERS II, LLC

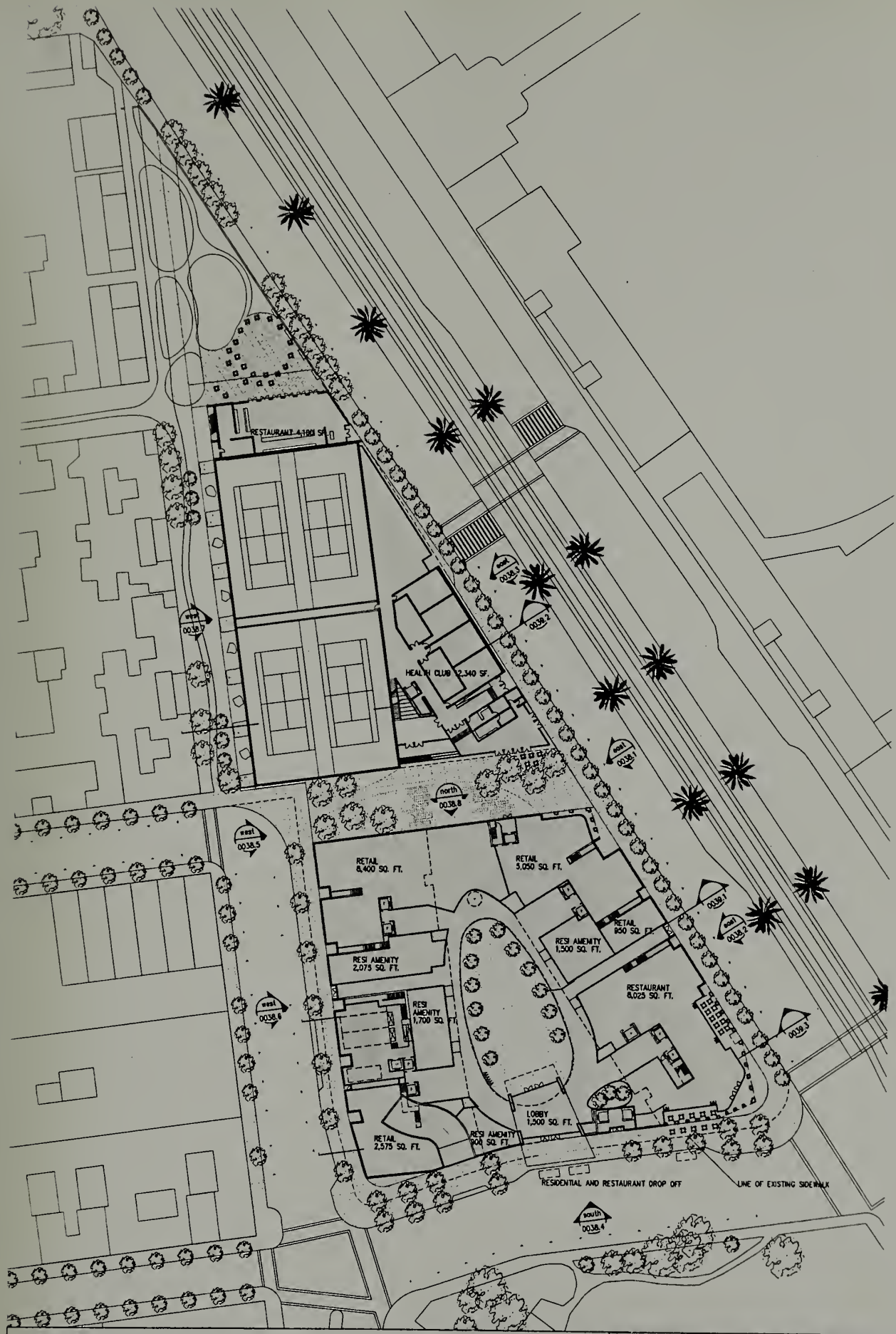
SAN FRANCISCO PORT COMMISSION
PORT OF SAN FRANCISCO
DEPARTMENT OF ENGINEERING

LEASE NO.

G:\OA PROPERTY FILES\LEASE MAPS\DRAWINGS—DWG\L351\L351_SFWP.DWG

EXHIBIT B – PROJECT PROPOSAL


SITE PLAN
ASK 10037-01-P4
2010.07.23
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32'
64'
128'
SOM

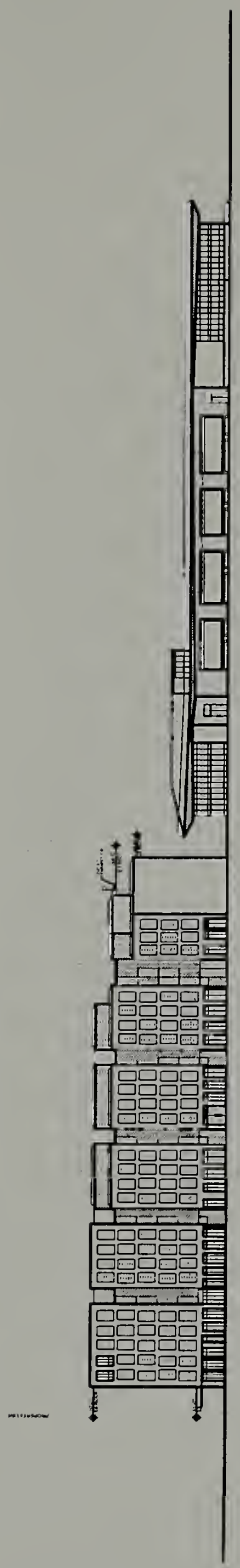


GROUND LEVEL FLOOR PLAN

0 32' 64' 128'

ASF 0037-05 R4
2010 07 23

SOM

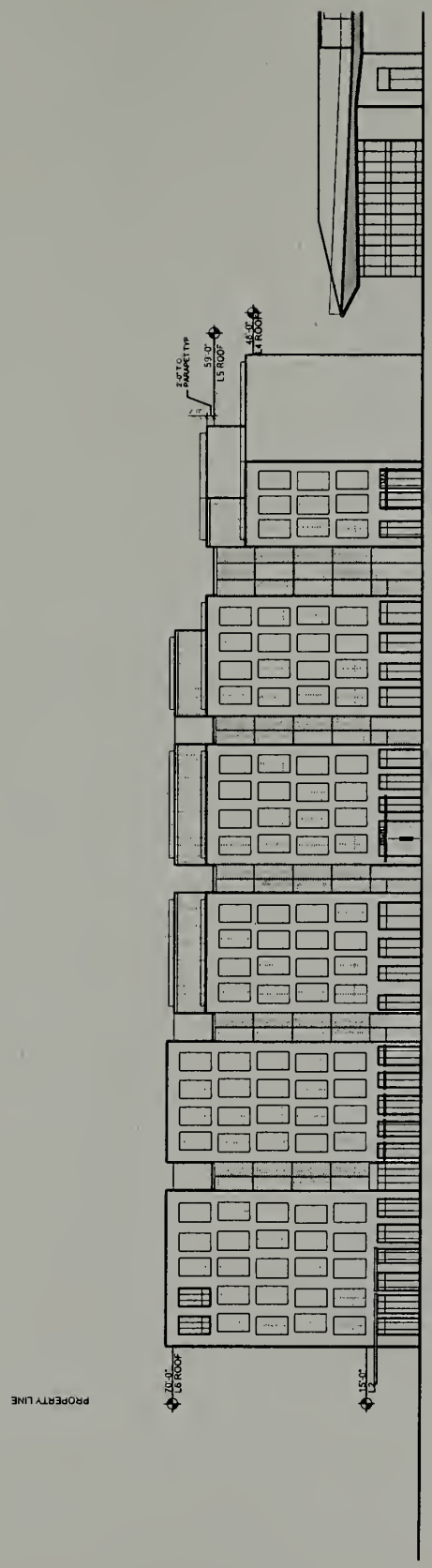


EAST ELEVATION (EMBARCADERO)

ASK 0038.01-R3
2010.07.23

0 32' 64' 128'

SOM

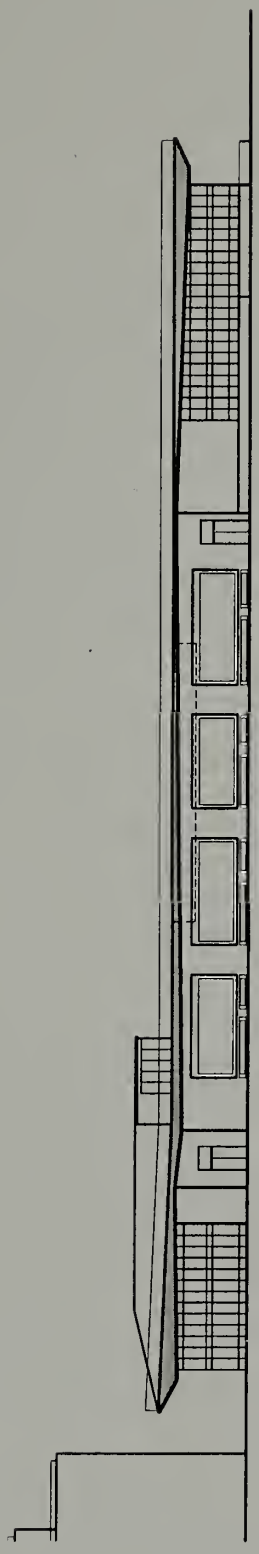


EAST ELEVATION SOUTH OF JACKSON

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ASK 0038.02.R3
2010.07.23

SOM

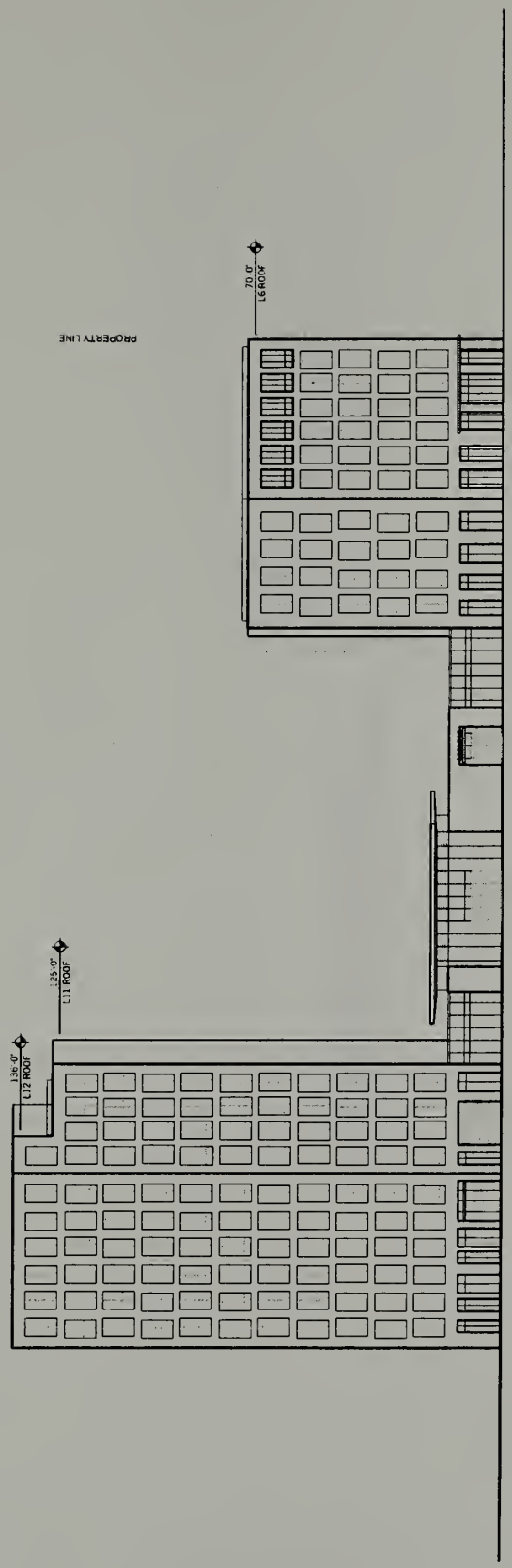


EAST ELEVATION NORTH OF JACKSON

ASF 0038 03 P2
2010 07 23

0 16' 32' 64'

SOM

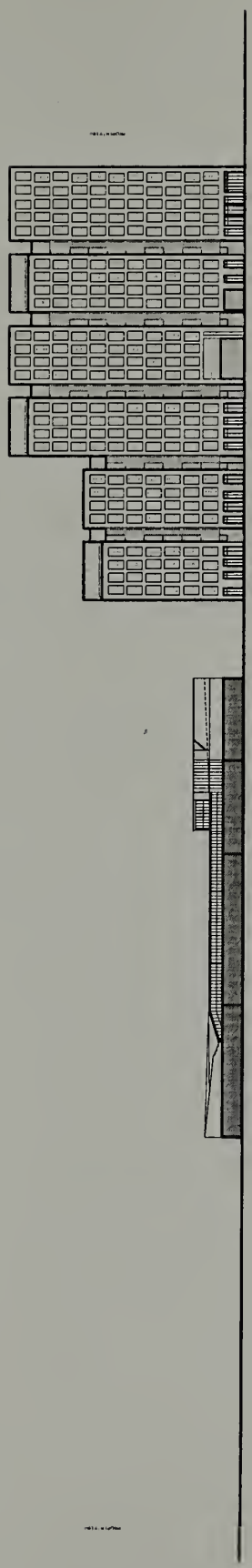


SOUTH ELEVATION (WASHINGTON ST)

0 16' 32' 64'

ASF 0038.04 R3
2016.07.23

SOM



WEST ELEVATION (DRUMM ST)

ASP 0038-05 P4
2010.07.23

0 32' 64' 128'

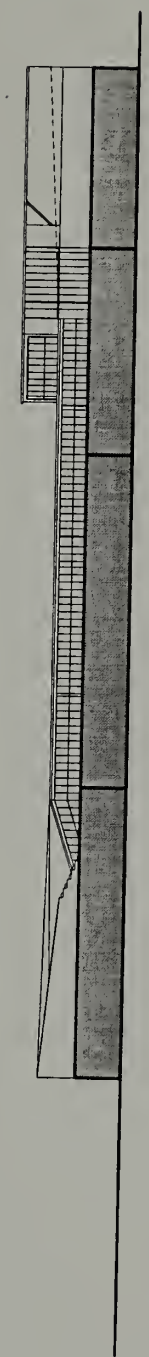
SOM

WEST ELEVATION SOUTH OF JACKSON

ASP 0038.06-P4
2010.07.23

0 16' 32' 64'

SOM

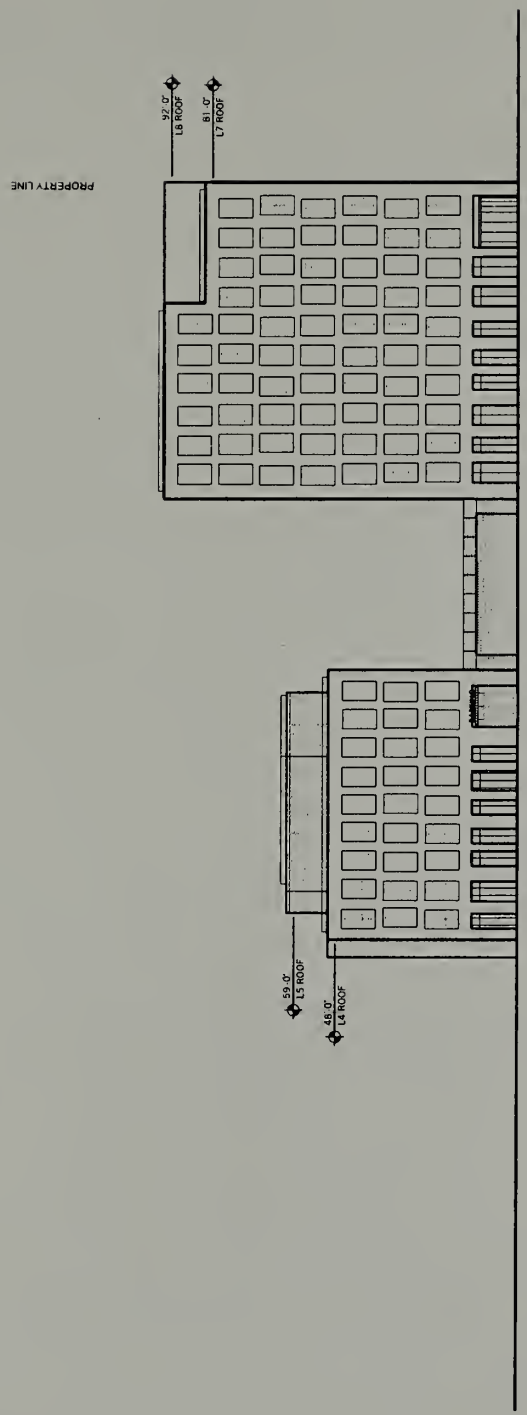


WEST ELEVATION NORTH OF JACKSON

ASF 0038 07 P2
2019.07.23

0 16' 32' 64'

SOM



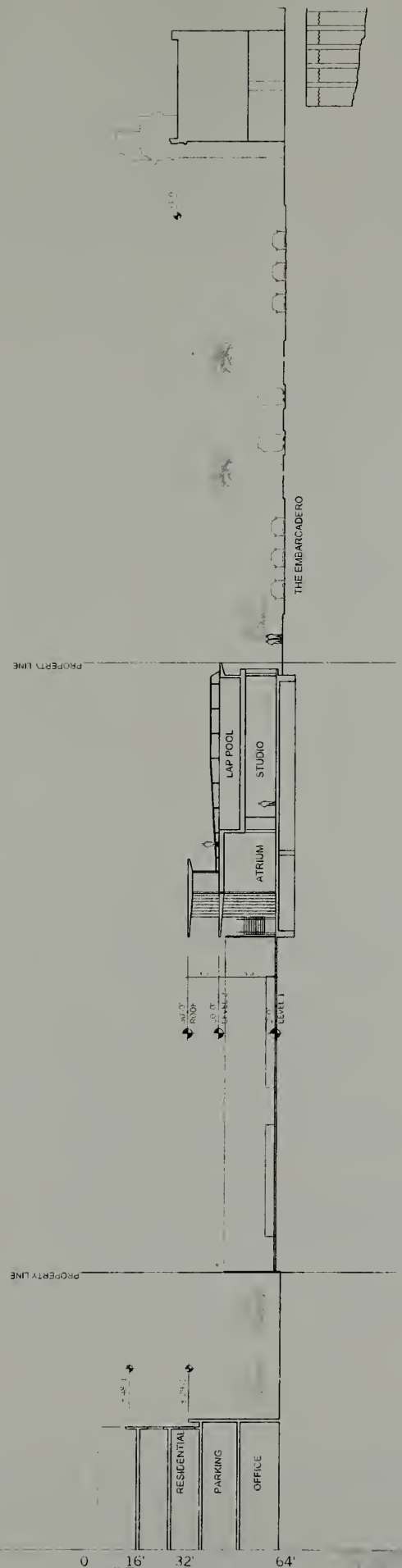
NORTH ELEVATION (JACKSON)

ASK - 0038.08-R3
2010.07.23

0 16' 32 64'

SOM

THE EMBARCADERO
80' 0" MECHANICAL
70' 0" ROOF
59' 0" LEVEL 5
48' 0" LEVEL 4
37' 0" LEVEL 3
26' 0" LEVEL 2
15' 0" LEVEL 1
0' 0"
PROPERTY LINE
PROPERTY LINE
146' 0" MECHANICAL
136' 0" ROOF
125' 0" LEVEL 11
114' 0" LEVEL 10
103' 0" LEVEL 9
92' 0" LEVEL 8
81' 0" LEVEL 7
70' 0" LEVEL 6
59' 0" LEVEL 5
48' 0" LEVEL 4
37' 0" LEVEL 3
26' 0" LEVEL 2
15' 0" LEVEL 1
0' 0"
13' 0" LEVEL B1
22' 0" LEVEL B2
31' 0" LEVEL B3
DRUMM STREET
± 245' 0"
± 29' 1"
RESIDENTIAL
PARKING
OFFICE
EAST-WEST SOUTH OF JACKSON SECTION
ASK 0039.01 R3
2010.07.23
0
16'
32'
64'
SOM



EAST-WEST SECTION

0 16' 32' 64'

SOM

EAST-WEST SECTION

2010-07-23

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EXHIBIT C – TERM SHEET

Proposed Term Sheet for SWL 351 / 8 Washington Project between Port of San Francisco and San Francisco Waterfront Partners II, LLC

This Term Sheet, dated as of September 28, 2010, for reference purposes only:

- Is attached as Exhibit C to and a part of the Exclusive Negotiation Agreement (the "ENA") between the Port of San Francisco (the "Port") and San Francisco Waterfront Partners II, LLC ("SFWP" or "Tenant");

- Sets forth the basic elements of SFWP's proposed development concept and uses (as proposed, the "Project"), and the economic parameters and other fundamental terms that will serve as the basis for negotiating a detailed disposition and development agreement, a purchase and sale agreement, a ground lease, and related transaction documents between the Port and Tenant (the "Transaction Documents"), with the understanding that the Project will continue to evolve throughout the public review process;

- Is subject to completion of environmental review of the Project, including a full range of appropriate alternatives and mitigation measures for the Project in its entirety under the California Environmental Quality Act ("CEQA");

- Is subject to further changes in the course of public review of the Project during the extensive approval processes that will follow CEQA review and in response to other City, Port, and public concerns that may arise;

- Is limited to the uses currently proposed by SFWP, and does not cover all potential uses for Seawall Lot 351, which the Port may consider in the course of the approval processes;

- May be be amended, along with the ENA, to reflect any subsequent proposal to change the uses, the mix of uses, the intensity of development, or other fundamental terms, subject to Port Commission review and additional CEQA review, if the changes have not already been analyzed; and

- Along with any underlying documents such as proformas, is not intended to be, and will not become, contractually binding until the parties execute and deliver the Transaction Documents.

Under the San Francisco Charter, no officer or employee of the City and County of San Francisco (the "City"), including the Port, has authority to commit the City to the Project until the San Francisco Port Commission has approved the transaction following completion of CEQA review and the San Francisco Board of Supervisors has approved the lease.

Accepted by Port : _____ Accepted by SFWP: _____

Sec.	Provision	Terms
1.	Parties	Landlord: Port Tenant: San Francisco Waterfront Partners II, LLC, a limited liability company of which Pacific Waterfront Partners, LLC and the California State Teachers Retirement System are members
2.	Premises	Jackson Commons and Pacific Avenue Park
3.	Lease Term	66 years
4.	Site	SWL 351, ± 27,937 sf at Washington Street and The Embarcadero, and Blocks 201,168 and 171 commonly known as 8 Washington Street, for a total of ± 138,681 sf bounded by Washington Street, The Embarcadero, and Drumm Street.
5.	Proposed Project	The Port and SFWP will seek a realignment of the public trust at the Site. If approved by the State Lands Commission, the land will be cleared and subdivided, and the Port will sell the portion of SWL 351 from which trust use restrictions have been lifted (the "Port Transfer Parcel") to SFWP. Development will proceed on parcels or subareas for the uses described below: Washington/Drumm/Jackson/ Embarcadero: Two condominium buildings with ± 165 condominiums, ground floor retail and restaurant use, and a 3-level underground parking garage. The eastern condominium building will be between 48 and 70 feet high and will contain ± 54 residential condominiums. The western condominium building will be between 84 and 136 feet high and will contain ± 111 residential condominiums. Former Jackson Street Right of Way: Public open space ("Jackson Commons"). Jackson/Drumm/Pacific/ Embarcadero: The existing Golden Gateway Tennis and Swim Club ("GGTSC") will be rebuilt with 4 outdoor ground level tennis courts, a 12,800 sf fitness center, and 2 outdoor rooftop swimming pools. Pacific Avenue: Public open space ("Pacific Avenue Park") that will contain ± 11,000 sf of public open space and a 4,000 sf restaurant. Underground Parking: A 3-level underground parking garage will be built below the block bounded by Washington Street, Drumm Street, Jackson Street and The Embarcadero, containing up to 255 public parking spaces available for waterfront visitors (the "Public Parking Garage") and 165

Accepted by Port : _____ Accepted by SFWP: _____

Sec.	Provision	Terms
		residential condominium parking spaces, for a total of up to 420 parking spaces.
6.	Financial Terms	Purchase Price for Port Transfer Parcel: • Land Payment: $3,000,000 due upon stabilization, defined as one year following receipt of Temporary Certificate of Occupancy (TCO) for the Project. • Transfer Payments: 0.5% of sale value of: (i) all residential condominium unit sales in perpetuity; (ii) all commercial condominium unit sales (excluding the GGTSC parcel) after (but not including) the first sale in perpetuity, enforceable through recorded covenants on each unit. • Land Payment Guaranty: SFWP must guarantee payment of the Land Payment no later than 1 year following receipt of a TCO for the Project. • Transfer Payment Guaranty: SFWP must guarantee a minimum of $2,000,000 from the Transfer Payments, payable not later than the close of escrow of the sale of the last residential condominium unit in the Project. Ground Rent for Jackson Commons/Pacific Avenue Park: • Base Rent: $120,000 annually commencing on the completion of the improvements, adjusted every 5 years by the CPI with a minimum increase of 2% and a maximum of 4% per annum. • Percentage Rent: 15% of gross rents received by Tenant from any restaurant or other concession use income generated within Pacific Avenue Park. Construction Period Rent for SWL 351: $60,000 per year.

Accepted by Port : _____ Accepted by SFWP: _____

Sec.	Provision	Terms
7.	Management Plan	Residential condominiums (including common open space): SFWP will sell the units and common areas, subject to covenants in a master homeowners association ("HOA") agreement. Jackson Commons/Pacific Avenue Park (excluding the commercial spaces): SFWP will lease the public open spaces to the HOA, which will manage the public and residential condominium common open space areas and provide security at its expense. Commercial spaces in Pacific Avenue Park: SFWP will lease and select the operators. GGTSC: SFWP or the Golden Gateway Center will own and select the operator. The Port has no role in GGTSC development or operations.
8.	Public Parking Garage	Will include up to 255 but in no event fewer than 90 parking spaces for visitors to the Ferry Building Area. SFWP will build and finance the Public Parking Garage. No public funds generated by development on SWL 351, other than Mello-Roos bond proceeds supported by special assessments on private development to the extent permitted by law, will be used for garage development, operations, or maintenance costs. SFWP is expected to own and receive all revenue from the Public Parking Garage, subject to any applicable limitations if Mello-Roos bond proceeds are used to finance the Public Parking Garage. Parking during construction and entitlement period will be addressed in the Transaction Documents. If the Public Parking Garage is publicly-owned or financed, a separate financial agreement will be negotiated to address costs and revenues.
9.	Transactions	Public Trust Exchange Agreement: The Port and SFWP will negotiate with the State Lands Commission for an exchange agreement under which trust use restrictions will be lifted from the Port Transfer Parcel and trust use restrictions will be imposed on portions of Blocks 168 and 171 at 8 Washington Street. The exchange agreement will allow the sale of the Port Transfer Parcel for residential development, in exchange for development of public trust open space and restaurant uses on portions of Blocks 168 and 171 that are not currently encumbered by the public trust.

Accepted by Port : _____ Accepted by SFWP: _____

Sec.	Provision	Terms
		Purchase and Sale Agreement: Upon implementation of the trust exchange, SFWP will purchase the Port Transfer Parcel in fee from the Port for the Purchase Price. Public Open Space Lease: SFWP will lease Jackson Commons and Pacific Avenue Park from the Port for 66 years. Pacific Avenue Park will include a 4,000 sf restaurant sublease parcel.
10.	Hotel Use	The EIR for the Project will include an alternative that includes a hotel as part of the overall project.
11.	Open Spaces, Parks and Recreation	Jackson Commons and Pacific Avenue Park will be permanently restricted to public open space, with the exception of the restaurant sublease parcel. SFWP or the HOA will be permanently responsible for all costs of maintaining the public open spaces. The rebuilt GGTSC will be permanently restricted to recreation uses through a deed restriction or other mechanism.
12.	IFD	SFWP will include Blocks 201,168, and 171 in an Infrastructure Financing District (IFD) as a requirement of acquiring SWL 351. Upon approval of the IFD (with Blocks 201,168, and 171), up to $5 million of certain Project-related costs for public improvements (to be defined) on publicly-owned or dedicated property will be funded with IFD funds. These improvements will implement the public realm improvements (including sidewalk widening, street furnishings, etc.) on publicly-owned or dedicated property as recommended in the Northeast Embarcadero Study.
13.	CFD	The Port will use best efforts to cooperate with SFWP to include the Site in a Mello-Roos Community Facilities District (CFD). CFD assessments would be applied to the Project only and CFD funds will only be used for capital and maintenance costs for public components of the Project. If engineering and cost analyses conclude that additional funding is needed to finance agreed-upon public improvements, the Port will designate some or all of the public open space ground rent to augment CFD financing of these public improvements.
14.	CEQA Review	The Project in its entirety and a full range of appropriate alternatives and mitigation measures must be analyzed under CEQA, and appropriate mitigation measures must be considered and, if needed, adopted and implemented for the Project.

Accepted by Port : _____ Accepted by SFWP: _____

PORT OF SAN FRANCISCO

MEMORANDUM

September 22, 2010

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Kimberly Brandon, Vice President
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Request approval of five year landing rights agreement with San Francisco Water Taxi LLC for water taxi services to Hyde Street Harbor and Pier 1½

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Port staff made an informational presentation of this item at the September 14, 2010 Port Commission meeting.

Water taxis are a popular form of transportation at many of the world's major cities, and San Francisco's waterfront may offer advantages for such a service. Last year, Port staff organized a meeting of interested parties regarding the concept of a water taxi service being offered along San Francisco's waterfront. As a result of this meeting and discussion, the Port funded an independent feasibility study to analyze market demand, seasonal flows and identify possible locations for water taxi services. The analysis recommended minimum vessel and operator requirements and examined examples of water taxi operations in other cities.

Discussion

An informational presentation of these findings was made to the Port Commission at its December 8, 2009 meeting. Subsequently the Port issued a Request for Interest (R.F.I.) in operation of a water taxi service along the San Francisco Waterfront with the goal to reach an agreement with a water taxi operator that ensures that such service is run safely, economically, effectively and efficiently while providing transportation services for visitors and residents alike. The Port is desirous that this service utilize at least three embarkation/disembarkation locations. One of these locations is at Pier 1½ where the Port currently has an agreement for such a service as part of its lease with

This Print Covers Calendar Item No. 11A

Pacific Waterfront Partners LLC and the other is at the Hyde Street Harbor. Other locations will need to be identified and established by the water taxi service provider.

A water taxi is defined as a vessel less than 60 feet in length used for transporting passengers on point-to-point trips, which vessel is Coast-Guard certified for intra-coastal passengers for hire and has a maximum capacity of 49 people and shall not be used as a dining vessel. Interested parties were asked to submit a written description of their interest to provide a water taxi service and to detail their maritime business experience, financial capacity, existing fleet or ability to obtain a fleet of vessels for the services described herein, safety record, and any other pertinent experience that qualifies the respondent to provide the requested service.

The Port received four responses to the RFI from the following companies:

- Blue and Gold Fleet
- Red and White Fleet
- Dauntless Charters
- San Francisco Water Taxi LLC

Port staff reviewed each of the letters of interest and determined that San Francisco Water Taxi LLC (SFWT) was the only candidate that proposed a sustainable business model that didn't require a Port subsidy. SFWT proposed a true water taxi operation that will utilize the two Port berthing locations as pick-up/drop-off locations for point-to-point transit to locations throughout San Francisco Bay. Port staff entered into negotiations with SFWT that have resulted in this proposed five year landing rights license agreement for consideration of the Port Commission.

Licensee:	San Francisco Water Taxi LLC - John Scannell, President. This is a start-up company that was formed to respond to the Port's RFI for a new business opportunity to operate a water taxi service at the Port. Their offices are in San Francisco in the Hunter's Point neighborhood.
Term:	Five years from October 1, 2010 until September 30, 2015 with one five year option, which if exercised would extend this agreement until September 30, 2020.
Landing Sites:	Pier 1½ and Hyde Street Harbor. The Pier 1½ landing facility is detailed in the Port's lease with San Francisco Waterfront Partners
Use:	Providing for hire water taxi service with passenger embarkation and debarkation at the landing sites and for no other purpose. SFWT may sell branded merchandise and non-alcoholic beverages and snacks to passengers
Fees:	SFWT shall pay the Port a percentage fee in the amount of seven percent (7%) of its gross revenues

Security Deposit:	Five Thousand Dollars ($5,000.00)
Environmental: Review	The use is a continuation of an existing use and is therefore covered under the General Rule exclusion pursuant to the California Environmental Quality Act ("CEQA")
Insurance:	Licensee shall provide insurance coverage acceptable to Port and City Risk Manager
Standard License Provisions:	The landing rights agreement contains all current license provisions on the standard form approved by the City Attorney's office including, compliance with laws, Port's Right to Terminate, Indemnity and Exculpation and Hazardous Materials

Recommendation:

Port staff recommend that the Port Commission approve the Landing Rights Agreement with San Francisco Water Taxi, LLC on the terms and conditions described in the Staff Report.

Prepared by: Peter Dailey
Deputy Director of Maritime

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 10-65

WHEREAS, Charter Section B.3581 empowers the Port Commission with the authority and duty to use, conduct, maintain, manage, regulate and control the lands within the Port jurisdiction; and

WHEREAS, water taxis are a popular form of transportation at many of the world's major cities; and

WHEREAS, as a leading tourist city, San Francisco's waterfront may offer advantages for water taxi service; and

WHEREAS, the Port completed a comprehensive feasibility study of possible water taxi use that concluded that such a service could be commercially viable; and

WHEREAS, Port staff determined that in lieu of a competitive bid process we would solicit through a more practical Request for Interest procedure from a wide array of possible prospective service providers as allowed under Port Commission Resolution No. 85-95; and

WHEREAS, the Port subsequently issued a Request For Interest (RFI) to gauge commercial interest in a water taxi service emanating from San Francisco; and

WHEREAS, Blue and Gold Fleet, Red and White Fleet, Dauntless Charters, and San Francisco Water Taxi LLC responded to the RFI; and

WHEREAS, the Port determined that San Francisco Water Taxi LLC offered the best business plan requiring the least financial risk from the Port; and

WHEREAS, San Francisco Water Taxi LLC is a San Francisco based start-up company that plans to purchase up to four vessels which adhere to the RFI criteria of vessels up to 60 feet long and can carry 49 passengers or less; and

WHEREAS, Port staff has negotiated a five year landing rights license agreement with San Francisco Water Taxi LLC to operate a water taxi service and allow landings at Pier 1½ and Hyde Street Harbor, "the Landing Rights Agreement License to Land at the Port of San Francisco Pier 1½ and Hyde Street Harbor" or the "Agreement" under which San Francisco Water Taxi will pay Port fees in the amount of 7% of its gross revenues from landings at the Hyde Street Harbor; and

WHEREAS, the landing rights agreement with San Francisco Water Taxi LLC was reviewed by the Port of San Francisco Planning Department and therefore covered under the General Rule exclusion pursuant to the California Environmental Quality Act ("CEQA"); and, now therefore, be it

RESOLVED, that the Port Commission hereby approves the Landing Rights Agreement with San Francisco Water Taxi, LLC on the terms and conditions described in the Staff Report and authorizes the Executive Director or her designee to execute the Landing Rights Agreement; and, be it further

RESOLVED, that the Port Commission authorizes the Executive Director or her designee to make any additions, amendments or other modifications to the Landing Rights Agreement that the Executive Director, in consultation with the City Attorney, determines are in the best interest of the Port, do not materially increase the obligations or liabilities of the City or Port, and are necessary or advisable to complete the transactions which the Landing Rights Agreement contemplates and effectuate the purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director or her designee of the Landing Rights Agreement, and any such amendment thereto.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of September 28, 2010.

Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

September 23, 2010

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Kimberly Brandon, Vice President
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Informational Presentation Regarding the Port of San Francisco's Proposed 2010 Retail Leasing Policy

DIRECTOR'S RECOMMENDATION: Information Only – No Action Required

Background

In 1993, the Port Commission adopted its Policy for Leasing of Retail Business Sites by Resolution 93-52. The policy is included as Attachment A.

Under that policy, retail uses must be competitively bid. The policy also provides a direct negotiation exception for existing tenants without competitive bidding under the following conditions:

1. The Tenant is in good standing;

2. The Tenant has agreed to make capital improvements to the lease premises that will benefit the Port, and the existing lease term will not support the cost of proposed improvements; and

3. The benefits of direct negotiation outweigh the benefits of competitive bidding.

This staff report provides an overview of a proposed replacement policy for leasing of retail sites ("Retail Leasing Policy"). The Proposed Retail Leasing Policy is included as Attachment B.

This Print Covers Calendar Item No. 12A

Discussion

Since 2008, when Budget Analyst Harvey Rose ("Budget Analyst") identified a large backlog of Port tenancies which were holding over after their initial term expired, Port staff has been working to refine Port policies related to leasing. On May 26, 2009, the Port Commission adopted a Month-to-Month Leasing Policy defining the conditions under which Port staff may enter month-to-month agreements with an indefinite term, terminable upon 30 days notice.

Since the Port's current Policy for Leasing of Retail Business Sites was adopted in 1993, Port staff determined that it would be beneficial to review that policy to ensure that:

- The policy is employed only when competitive bidding is impractical, as that term is used in the San Francisco Administrative Code Section 2.6-1 (which applies to Port leases that are subject to Board of Supervisors approval);

- There is a sound policy basis for renewing leases with existing, successful Port retail tenants; and

- Port tenants have a clear picture of the requirements for renewing an existing retail lease with the Port, so they can plan in advance.

Should the Port Commission choose to approve the proposed Retail Leasing Policy, Port staff recommends submitting the policy to the Board of Supervisors for an examination of how the policy relates to the San Francisco Administrative Code Section 2.6-1. Clear policy direction from the Board of Supervisors will ensure that Port practices are aligned with City leasing policies when individual Port leases are submitted for consideration by the Board.

2010 Proposed Retail Leasing Policy

Scope of Retail Leasing Policy: The proposed policy applies to both maritime and non-maritime retail tenancies.

Competitive Solicitation: Port leases that are subject to approval by the San Francisco Board of Supervisors are subject to the competitive bidding policy provided in San Francisco Administrative Code Section 2.6-1, which generally requires an award of the subject lease through competitive bidding, "except where the Board of Supervisors finds that the bidding procedures or insurance requirements are impractical or impossible."

When conducting a competitive solicitation, Port staff will establish criteria for qualified responses to the competitive solicitation; provide public notice of the opportunity; invite local businesses to participate; hold a pre-submittal conference; evaluate responses based on published criteria; and present each lease with a successful respondent to the Port Commission and the Board of Supervisors (if required) for approval.

Non-Retail Tenants Seeking to Become Retail Tenants: Port staff will entertain proposals by existing non-retail tenants to become retail tenants only when the proposed use is consistent with the Port's Waterfront Land Use Plan and the Port Commission first approves a resolution authorizing Port staff to enter into a sole source negotiation for a retail use.

Existing Retail Tenants – Renewal Prerequisites: Port staff will evaluate renewals and extension requests on a case-by-case basis based on proposed improvements, capital costs, the Port's future plans for the site, and tenant history. Tenants must be in compliance with the Port's **Tenant in Good Standing Policy** to be considered for a new or extended lease. Changes in or intensification of use must be consistent with Port, San Francisco Bay Conservation and Development Commission and other regulatory applicable limitations.

Port staff may negotiate with an existing retail tenant under the following circumstances:

1. For a short term lease extension, not to exceed 3-5 years, during any period when the U.S. economy is in a recession or San Francisco Bay Area is experiencing a commercial real estate downturn. Lease extensions will adjust base and percentage rents to then-current market-rates as adopted by the Port Commission.

2. Where the tenant proposes to make capital improvements, a lease extension or renewal may have a term of the greater of 10 years or the time required to amortize planned improvements. In exercising this extension option, the Port Commission will make a finding that the proposed capital improvements to Port property serve a public purpose.

3. If a tenant fails to meet the Port's criteria for a direct negotiation exception, a lease extension or renewal may have a term of up to 5 years without any additional extension option, if the Port has conducted a Request for Interest and received no expressions of interest.

In exercising each of these renewal or extension options, the Port Commission will make a finding that it is impractical to bid the subject lease, consistent with the provisions of S.F. Administrative Code Section 2.6-1.

Direct Negotiation Exception: Port staff may not begin lease negotiations with an existing tenant until the Port Commission has authorized sole source negotiations with that tenant. Before presenting the Port Commission with a direct negotiation request, Port staff will determine that the tenant is in good standing, evaluate whether the tenant is the most suitable economic tenant, and receive and review a business plan and the Tenant's historic audited financial statements and/or tax returns.

The Port will not enter into direct negotiations with an existing tenant that has paid below average rent per square foot to the Port (base rent and percentage rent) in the

prior three (3) year period compared to retail tenants at similar locations on Port property.

Capital Improvement Requirements for Direct Negotiations: The Tenant must make a substantial capital investment approved by the Port, subject to the following:

- Improvements may include substructure improvements, improvements to the core and shell of the lease premises, Americans with Disabilities Act access to the facilities, upgrades to utilities serving the premises or improvements to surrounding Port property;

- The Tenant will quantify the cost of the proposed capital improvement as a percentage of leasehold value;

- The proposed capital improvement must be sufficient to allow Port staff to make a finding that the improvement serves a public purpose; and

- The Tenant must demonstrate the financial capacity to pay for the proposed capital improvement and demonstrate that such improvement can be depreciated.

The Tenant will not qualify for rent credits for proposed capital improvements that are the basis for direct negotiations. Port staff will evaluate facility conditions and may propose additional investments that would justify a new lease with the existing tenant.

Lease Requirements: The renewed or extended lease will be subject to certain lease provisions, including Port Commission-approved boilerplate lease provisions, detailed in Attachment B. The Tenant will pay base and percentage rent that is market rent for comparable uses and locations on gross retail income, retail sales and concession revenues, including subtenant rents and sales.

Conclusion

Port staff welcomes comments and suggestions from the Port Commission and the public. If the Port Commission approves the proposed Retail Leasing Policy at a subsequent meeting of the Port Commission, Port staff recommends submitting the policy for consideration by the San Francisco Board of Supervisors.

Prepared by: Brad Benson
Special Projects Manager

Prepared for: Monique Moyer
Executive Director

Attachment A
1993 Policy for Leasing of Retail Business Sites, adopted by Resolution 93-52
Attachment B
Proposed 2010 Retail Leasing Policy

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SAN FRANCISCO PORT COMMISSION **ATTACHMENT A**

AGENDA SUMMARY SHEET

SUBJECT: Leasing Policy for Retail Sites

Meeting Date: 4/28/93
Agenda Item No: 5D
Res. No.: 93-52

SUBMITTED BY: Dorothy Schimke, Manager
Leasing & Commercial Property Management

AGENDA CLASSIFICATION

____Executive Director's Report
____Finance & Administraion
_x__Tenant Services
____Cargo Services
____Engineering & Maintenance
____Planning & Research
____Legal
____Other

BACKGROUND

The Port of San Francisco is responsible for management of a diverse waterfront. While the primary focus of the Port is to foster the growth of water related industries, a wide spectrum of other uses have developed through time and become an integral part of the Port. Due to this diversity, the San Francisco waterfront now offers the populus of the San Francisco Bay Area the opportunity for development of retail, commercial and industrial businesses, recreational activities, public access and tourism.

Retail businesses of the Port include such operations as restaurants, galleries, ship chandleries, souvenir shops and excursion vessel operations. Many restaurants coexist along the

(To Be Continued)

RECOMMENDATION: Adopt the attached resolution approving the proposed policy for leasing of retail business sites.

EXECUTIVE DIRECTOR'S RECOMMENDATION	COMMISSION ACTION REQUIRED	COMM. ACTION TAKEN
	___Motion	Date_____
	___Resolution	Approved_____
	___Ordinance	Disapproved____
	___Information Only	_____
		SECRETARY:

waterfront serving the public, tourists and workforce of the City. They vary from the quick and economical hamburger stands to delicatessens to lavish seafood restaurants. All represent a choice of lifesyle to those who frequent them and a livelihood to those who operate them.

Such tenancies generate cash flows for the Port through percentage rents which are essential for balancing the operating budget and funding capital improvements which support the Ports maritime mission. Such capital improvements include:

* cargo facility development
* modernization of the deteriorating infrastructure
* development of public access amenities which encourage the public to visit and use the waterfront.

Several current tenants operate businesses on Port property under a month to month lease whose fixed term has expired. Others are on a month to month holdover of a lease whose fixed term has expired. Still others operate under an existing fixed term lease scheduled to terminate in the near future. Many of these tenants have approached the Port to negotiate a new fixed term lease which would allow them to finance capital improvements needed to expand or improve their businesses.
Lacking an adequate lease term inhibits their ability to develop long term business plans and to obtain financing which is required to implement such plans for growth and remain competitive. A direct result is a constriction of the tenant's ability to increase their gross sales and consequently, the Port's revenue stream generated from percentage rents.

Although the Port would like to work with existing tenants to improve Port property and business, this interest must be balanced against the Port's affirmative responsibility to afford an opportunity for a waterfront business to all, through competitive bidding and community outreach. While affirmative action is highly desirable, it must be recognized that making available an existing business location through the bid process has the potential to interrupt an ongoing concern and threaten a small business and create vacancy -- all of which will interrupt an existing revenue stream.

In order to address these issues in an equitable fashion, Port staff is proposing a new policy to be known as the Policy for Leasing of Retail Business Sites. A copy of this policy is attached for review. This policy offers the Port a mechanism for balancing the potential and the needs of existing tenancies and new tenancies while safeguarding stability in its revenue stream. The policy is based on criteria upon which the Port could determine in what instances it should negotiate with one party (a direct negotiation exception) rather than utilizing the bid process.

The proposed retail leasing policy begins with a reaffirmation of the Port's commitment to the general policy of equal opportunity through outreach and competitive bidding. The direct negotiation exception of the retail leasing policy would be applicable in instances where an existing tenant is committed to making a large capital investment in its business and it has approached the Port to negotiate a long term lease. The policy recognizes that in order to gain financing for such investments, a lease term of sufficient length is required and therefore, the term would be justified by the size of the investment. To qualify for direct negotiation, the tenant must be:

1. A tenant in good standing.
2. A tenant committed to making a significant investment supported by a sound business plan.
3. A tenancy in the best economic interest of the Port.
4. A tenant with a good record of affirmative action and nondiscrimination and committed to future compliance.

Integral to the definition of a "tenant in good standing" is whether nor not the tenant is in compliance with affirmative action guidelines. The tenant should have a good record regarding nondiscrimination and affirmative action in employment, purchasing and contracting, including as a minimum standard, compliance with existing City and State laws and policies regarding employment. In addition, the tenant must commit to a future affirmative action plan including goals, outreach efforts, reporting and penalties if the tenant fails to comply with the plan.

Finally, several other relevant considerations should be taken into account such as compatibility with Port planning efforts, years of service to the community and communities ties.

If the tenant meets all these criteria, before the staff may enter into direct negotiations with the tenant the Commission must make a finding that the benefits of direct negotiations override the benefits of competitive bidding.

The Leasing Policy for Retail Business Sites also provides a mechanism for analyzing those long time tenants who wish a fixed term lease but are not prepared to commit to major investments in their business at this time. Under the proposed policy, these tenants would be permitted a one-time opportunity to negotiate a three year lease if they met the criteria for "tenants in good standing" and affirmative action. The criteria regarding significant new investment in the property would not be applied to these tenants at this time. This opportunity would be offered for one year only, after which time all the criteria, including the investment criteria, would apply. This mechanism is appropriate in that it allows a short term lease providing sufficient time for the tenant to develop a business plan and strategy for capital investment. It also encourages all Port tenants to expand their business and improve Port property and revenues.

tz/directne.wp5/jef

PORT OF SAN FRANCISCO

POLICY FOR LEASING OF RETAIL BUSINESS SITES
APRIL 1993

I. GENERAL POLICY

It is the general policy of the Port to foster and encourage full and equitable opportunties for leasing of retail sites to all businesses that wish to develop a waterfront business along the San Francisco waterfront. This is accomplished in accordance with the City's and Port's policy to competitively bid retail sites pursuant to the Administrative Code Section 23.24. This process is based on a good faith effort to reach out to the whole community including disadvantaged local, minority and women owned businesses through the following steps:

A. Creation of clear bid specifications.
B. Public Notice through Port action to proceed with the bid.
C. Advertising through the purchaser's newsletter, minority and womens newspapers.
D. Outreach to minority, women and disadvantaged business community groups.
E. Pre-bid conference.
F. Bid Opening conference
G. Evaluation of bids based upon pre-determined minimum qualifications as set forth in the bid package.
H. Approval by Commission of apparent successful bidder.

II. DIRECT NEGOTIATION EXCEPTION

An exception to the general policy permits the Port to negotiate an extension of an existing tenancy rather than competitively bid the lease as set forth in the Administrative Code when:

A. The existing tenant is in good standing.
B. The tenant is committed to making significant capital investment in its leasehold which will benefit the Port.
C. The benefits of direct negotiation outweigh the benefits of competitive bidding.

III. APPLICATION OF DIRECT NEGOTIATION POLICY

The direct negotiation policy may be applied when:

A. A tenant in good standing approachs the Port with a sound business plan requiring a capital investment in its leasehold.
B. The tenant has a month to month lease or a lease term insufficient to support its business plan.
C. The tenant is the best economic tenant available.

IV. IMPLEMENTATION

When approached by a tenant with a request for direct negotiation, the Port will:

A. Determine if the tenant is in good standing. A tenant in good standing is defined as a tenant who:

1. Complies with the use provisions and does not allow any unpermitted uses.
2. Maintains the leasehold in good and sanitary condition.
3. Has a good payment history and a current account.
4. Complies with all insurance requirements.
5. Keeps accurate records and cooperates with the audit process.
6. Complies with the regulatory permit process.
7. Provides a dependable level of goods and services.
8. Utilizes good business practices.
9. Meets other relevant factors specific to the business.
10. Has provided a welcoming atmosphere to customers of diverse backround and ethnicity.

B. Evaluate the tenant to determine if it is the best economic tenant based on:
1. Sales and revenues to Port.
2. Survey of rent comparables.
3. Stable growth pattern.

C. Evaluate the business plan including review of:
1. Cost estimates of capital improvements.
2. Revenue projections.
3. Marketing plan.

D. <u>Affirmative Action</u>
1. Review of the tenant's existing practices regarding nondiscrimination in public accommodation and affirmative action in employment, purchasing and contracting, including as a minimum standard, compliance with existing City and State laws and policies regarding employment.
2. Commitment by the tenant to an affirmative action plan which will become a material condition of the new lease and which includes the following elements:
 a) Affirmative action goals in hiring, purchasing and contracting including capital improvements;
 b) Requirement for affirmative action outreach by tenant;
 c) Requirement for tenant to document its good faith efforts to comply;
 d) Ability to assess penalties for noncompliance.

E. Staff, which will include the EEO Programs Specialist, shall report the results of the evaluation of each of the above criteria in Sections A-D to the Commission. In order for staff to enter into direct negotiation, the Commission must make a finding that the benefits of direct negotiation outweigh the benefits of competitive bidding.

V. TRANSITION PERIOD

There will be a one-time opportunity for existing tenants to convert a license or a month to month lease to a short term lease without immediate capital investment.

A. To qualify for this opportunity the tenant must*:
 1. Be a tenant in good standing as defined in section IV A hereof.
 2. Be in compliance with affirmative action criteria as outlined in section IV D hereof.

B. A lease negotiated pursuant to this Section V will be limited to a three year term.

C. The tenant must enter into a lease within one year of the adoption of this leasing policy by the Port.

* The qualifications for this one-time opportunity to negotiate a short term lease <u>do not</u> include the requirements set forth in Section IVB, IVC, or IVE.

CITY AND COUNTY OF SAN FRANCISCO
SAN FRANCISCO PORT COMMISSION
RESOLUTION NO. 93-52

WHEREAS, The general policy of the San Francisco Port Commission is to foster and encourage equitable opportunities for leasing of retail sites to disadvantaged businesses through the competitive bid process in accordance with Chapter 12D of the Administrative Code and this general policy must be balanced with the need to negoitate directly with existing retail tenancies in certain instances; and

WHEREAS, the Port Commission has developed a Policy for Leasing of Retail Business Sites as set forth in the attached policy statement;

NOW THEREFORE BE IT RESOLVED, that the Commission hereby approves and adopts the Policy for Leasing of Retail Business Sites.

I HEREBY CERTIFY that the foregoing resolution was approved by the San Francisco Port Commission at its meeting of April 28, 1993.

Elizabeth Day 1993

Secretary

Port Commission

1993

PORT OF SAN FRANCISCO
RETAIL LEASING POLICY
ADMINISTRATIVE GUIDELINES

I. **Tenant in Good Standing is defined as a tenant who:**

A. Complies with the use provisions and does not allow any unpermitted uses.

Example: Tenant leases property from Port. The use clause of the lease provides for the sale of fine art. The tenant, in addition to fine art, begins selling posters, post cards and souvenirs without the written consent of the Port. This tenant would not be in compliance with the use provisions of the lease

B. Maintains the leasehold in good and sanitary condition. A tenant in compliance would be one who:

1. Keeps the premises clean and litter free.
2. Makes neccesary repairs promptly to maintain curb appeal and a presentable business atmosphere.
3. Complies with health and safety requirements.
4. Practices preventative maintenance.
5. Reports maintenance which is Port's responsibility to Port promptly.

C. Has a good payment history and a current account.

1. A tenant with a good payment history is one who consistently pays all rents before they become delinquent in accordance with the Port's Collection Policy (see attached) and does not tender checks which will be returned for non-sufficient funds.
2. A tenant with a current account is a tenant who has no delinquent invoices.

D. Complies with all insurance requirements. Compliance requires maintenance of:

1. A current certificate of insurance verifying that all coverages are in place with no less than the minimum coverage set forth in the lease.
2. A certificate with all required endorsements.
3. Any additional insurance coverage as determined by Port based on industry standards for region and use.

E. Keeps accurate records and cooperates with the audit process. Proper reporting procedures include:

1. Compliance with reporting timelines as set forth in the Port's Collection Policy.
2. Maintenance of records according to Generally

Accepted Accounting Practices.
3. Cooperation with the City auditors.
4. Making records available to City auditors as requested.
5. Comply with any conditions recommended pursuant to the City's audit process.

F. Complies with regulatory permit process. A tenant in compliance will:

1. Attain any required permits including but not limited to:
 a. Port Building Permit
 b. CEQA Permit
 c. BCDC Permit
 d. Conditional Use Permit
 e. Fire Department Permits
 f. Health Department Permit
2. Adhere to the conditions of the required permits.

G. Provides a dependable level of goods and services. A tenant doing so maintains:

1. Consistent products and services.
2. Consistent hours of operation.
3. Proper inventories.
4. Sufficient and well trained staffing.

H. Utilizes good business practices. A tenant doing so:

1. Maintains current business accounts/pays vendors promptly.
2. Provides a safe environment for customers.
3. Practices ethical employer/employee relations.
4. Utilizes ethical pricing practices.
5. Is responsive to market trends.

I. Meets other relevent factors specific to business.

Example: Tenant leases property from Port for the purpose of operating excursion vessels from the North Ferry Terminal. The lease provides for the loading of stores onto the vessel from the terminal under certain conditions, i.e., during set hours, within a set time limit, and using specified equipment which will not overload the barge. Tenant would be required to comply with the conditions set forth in the lease.

J. Provides a welcoming atmosphere to customers of diverse backround and ethnicity. Such a tenant is one who:

1. Has a record of providing equal services to all customers.
2. Has not exhibited a pattern of discrimination.

ATTACHMENT B

PROPOSED PORT OF SAN FRANCISCO 2010 RETAIL LEASING POLICY (PENDING ADOPTION)

Background

The Port of San Francisco ("Port") is a public enterprise committed to promoting a balance of maritime, recreational, industrial, transportation, public access and commercial activities on a self-supporting basis through appropriate management and development of the waterfront for the benefit of the public.

General Policy

The Port's Retail Leasing Policy provides entrepreneurs that wish to develop and operate a business along the San Francisco waterfront an opportunity to bid on retail lease opportunities, as described in this policy. This policy also permits the Port and its successful, existing retail operators to enter into new leases under specified conditions. Retail opportunities will be available only at locations deemed appropriate for retail activity in accordance with the Port's Waterfront Land Use Plan, as it may be amended from time to time.

Businesses on Port property include uses such as restaurants, galleries, ship chandleries, souvenir shops, food and beverage sales, clothing and apparel shops, on-going special event venues and visitor-serving excursion operators. The Port enjoys a diverse mix of retail uses that serve the public and are consistent with the Burton Act and the public trust for navigation, commerce and fisheries.

Lease revenues are essential for funding the Port's operating and capital budget, which support the Port's public trust maritime mission. The Port's retail tenancies also provide business opportunities for local merchants and employment opportunities for San Francisco residents.

Scope of Retail Leasing Policy

This policy applies to both maritime and non-maritime retail tenancies. This policy does not apply to retail tenancies in mixed-use developments on Port properties that have been master- or ground-leased by the Port Commission.

Competitive Solicitation

Port leases that are subject to approval by the San Francisco Board of Supervisors are subject to the competitive bidding policy provided in San Francisco Administrative Code Section 2.6-1:

SEC. 2.6-1. - POLICY RELATIVE TO APPROVAL OF LEASE AND CONCESSION AGREEMENTS. Whenever in accordance with the provisions of the Charter, any officer, board or commission of the City and County submits a proposed lease or agreement for concession privileges to be operated in or upon any property or facility of the City and County to the Board of Supervisors for its approval or disapproval, except where the Board of Supervisors finds that the bidding procedures or insurance requirements are impractical or impossible, it shall be the policy of said board (1) to approve only such proposals as have been awarded to the highest responsible bidder in accordance with competitive bidding procedures, and (2) to approve only

such leases as require the lessee to provide appropriate insurance naming the City as an additional insured in a form and amount approved by the Office of Risk Management. When conducting a competitive solicitation, Port staff will:

1. Describe a range of desired uses and establish criteria for qualified responses to the competitive solicitation;

2. Provide public notice of the competitive solicitation through the Port's website, the City's designated local newspaper for notices, and community-based media;

3. Invite local business enterprises to participate, in coordination with the Human Rights Commission and Office of Contract Management;

4. Hold a pre-submittal conference;

5. Evaluate responses and award retail leasing opportunities based on criteria specified in the solicitation package; and

6. Present each lease with a successful respondent to the Port Commission and the Board of Supervisors (if required) for approval.

Non-Retail Tenants on Port Property Seeking to Become Retail Tenants

Occasionally, existing Port non-retail tenants express an interest in opening retail businesses within or adjacent to their premises. The Port usually enters into non-retail leases without competitive bidding, based on the Port Commission's approved parameter rental rate policy and a finding, upon public hearing of the Port Commission, that bidding office, warehouse, open land or other (non-retail) leases is impractical.

While the Port understands that many of its tenants may have the business acumen and financial wherewithal to open retail businesses, commencing such a tenancy without bidding potentially conflicts with City and Port policy. Port staff will entertain such proposals only when the proposed use is consistent with the Port's Waterfront Land Use Plan and the Port Commission first approves a resolution authorizing Port staff to enter into a sole source negotiation for a retail use.

Existing Retail Tenants – Renewal Prerequisites

Existing retail tenants often request a lease renewal when a lease is expiring or the tenant desires to make capital improvements and amortize its investment over a period longer than the existing lease term. Port staff will evaluate renewals and extension requests on a case-by-case basis based on proposed improvements, capital costs, the Port's future plans for the site, and tenant history. Tenants must be in compliance with the Port's **Tenant in Good Standing Policy** to be eligible for consideration for a new or extended lease.

Changes in or intensification of use must be consistent with the Port's Waterfront Land Use Plan, San Francisco Bay Conservation and Development Commission (BCDC) requirements and other regulatory limitations applicable to the site, including compliance with the California Environmental Quality Act. The Port, in its sole discretion, may determine that proposed changes in or alterations of use would trigger the need for a competitive solicitation.

Port staff may negotiate with an existing retail tenant in good standing under the following circumstances:

1. For a short term lease extension, not to exceed 3-5 years, during any period when the National Bureau of Economic Research has determined that the U.S. economy is in a recession or other data support a finding by the Port Commission that the San Francisco Bay Area is experiencing a commercial real estate downturn. Under these conditions, the renewals and extensions will adjust base and percentage rents to then-current market-rates as adopted by the Port Commission.

2. Where the tenant proposes to make capital improvements, a lease extension or renewal may have a term of the greater of 10 years or the time required to amortize planned improvements (using the term of the tenant's financing or, if not financed, straight line depreciation for qualified leasehold improvement property (currently 15 years) if the tenant meets the Port's criteria for a direct negotiation exception (described below). In exercising this extension option, the Port Commission will make a finding at a public hearing that the proposed capital improvements to Port property serve a public purpose.

3. If a tenant fails to meet the Port's criteria for a direct negotiation exception, a lease extension or renewal may have a term of up to 5 years without any additional extension option, if the Port has conducted a Request for Interest and received no expressions of interest from qualified parties.

In exercising each of these renewal or extension options, the Port Commission will make a finding that it is impractical to bid the subject lease, consistent with the provisions of S.F. Administrative Code Section 2.6-1.

Direct Negotiation Exception

Before entertaining a direct negotiation request for a lease renewal or extension, Port staff will:

1. Determine if the tenant is in compliance with the **Tenant In Good Standing Policy;**

2. Evaluate whether the tenant is the most suitable economic tenant based on reasonably projected sales and revenues to the Port, using comparable retail rents on a square foot basis; and

3. Request a written business plan and evaluate the plan to determine cost and value of capital improvements to Port property, viability of revenue projections including historical audited financial statements and/or the last 3 years' tax returns and use of property.

The Port will not enter into direct negotiations with an existing tenant that has paid average rent per square foot to the Port (base rent and percentage rent) in the three (3) year period immediately preceding the request that is less than the average of rents per square foot for like retail tenants at similar locations on Port property (e.g., with a tenant that generates below-average rents).

Capital Improvement Requirements for Direct Negotiations

The Tenant must make a substantial capital investment approved by the Port, according to the following conditions:

- Improvements may include substructure improvements, improvements to the core and shell of the lease premises, Americans with Disabilities Act access to the facilities, upgrades to utilities serving the premises or improvements to surrounding Port property;

- The Tenant will quantify the cost of the proposed capital improvement as a percentage of leasehold value, with actual expenditures subject to verification pursuant to lease terms;

- The proposed capital improvement must be sufficient to allow Port staff to make a finding that the improvement serves a public purpose; and

- The Tenant must demonstrate the financial capacity to pay for the proposed capital improvement and demonstrate that such improvement can be depreciated within the proposed lease term.

The Tenant will not qualify for rent credits for proposed capital improvements that serve as a basis for direct negotiations.

Port staff will evaluate facility conditions and may propose additional facility investments that would justify a new lease with the existing tenant.

Lease Requirements

1. The Tenant will pay base and percentage rent that is market rent for comparable uses and locations on gross retail income, retail sales and concession revenues, including subtenant rents and sales.

2. The Port reserves the right to approve all sub-tenancies, and all sublease revenues will be separately reported to the Port in a customary and pre-approved manner.

3. Base rent will be based on available industry comparables, site history, best site use and percentage rent history. Base rent will be adjusted annually (either as a fixed percentage increase or as a CPI percentage increase) with no provision for rent reduction or rebate.

4. The Tenant will disclose all gross revenues and related expenses and grant the Port the right to conduct periodic audits and obtain related financial reports.

5. Depending on the type of proposed capital improvements, the new term of the lease may include a construction period, with a deadline to complete required tenant improvements.

6. The Tenant will provide a tenant guarantee and a contractor's surety bond or other financial assurance approved by the Port in its sole discretion in an amount approved by the City's Risk Manager. If the Tenant fails to obtain the approval, permits or financing

of the proposed improvements in the agreed upon time frame, or fails to complete the project in any way, the Tenant may be subject to liquidated damages, lease default or other remedies as provided by the lease.

Sale of Business/Lease, Transfer or Assignment

Subject leases will include provisions that are part of the Port Commission's approved boilerplate lease, as it may be amended from time to time, including but not limited to:

1. The Port shall participate in a portion of the proceeds from the sale, transfer, assignment, restructuring, and refinancing of leaseholds.

2. The proposed transferee shall provide audited financial statements and the Port shall have the right to request a written business plan supported by market analysis.

3. The Port shall approve all ownership and capital changes at its reasonable discretion. The proposed transferee must demonstrate expertise in operating the business and maintaining the asset.

4. The proposed transferee or assignee shall jointly assume any structural, substructure repair/maintenance or seismic upgrade responsibilities that are the obligation of the seller, transferor or assignor. Upon request for the Port's consent to the transfer, sale or assignment of its lease, the Tenant shall provide a written report prepared by a Port-approved engineer detailing the current condition of the physical assets, including any deferred repairs or maintenance along with a remedial plan for repairs as a condition to the Port's consent.

5. All maintenance and/or construction work required in the original lease must be completed, with all permits closed out, prior to the request for the Port's consent, or the transfer agreement will address the obligations of the transferee to complete such work.

SAN FRANCISCO
PORT COMMISSION

SEPTEMBER 28, 2010
MINUTES OF THE MEETING

GOVERNMENT
DOCUMENTS DEPT

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CITY AND COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE MEETING
SEPTEMBER 28, 2010

1. CALL TO ORDER / ROLL CALL

Commission President Rodney Fong called the meeting to order at 2:30 p.m. The following Commissioners were present: Rodney Fong, Kimberly Brandon and Ann Lazarus.

2. APPROVAL OF MINUTES - September 14, 2010

ACTION: Commissioner Lazarus moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; the minutes of the September 14, 2010 were adopted.

3. PUBLIC COMMENT ON EXECUTIVE SESSION

4. EXECUTIVE SESSION

A. Vote on whether to hold closed session.

ACTION: Commissioner Lazarus moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor.

At 2:31 p.m., the Commission withdrew to executive session to discuss the following:

(1) CONFERENCE WITH LEGAL COUNSEL AND REAL PROPERTY NEGOTIATOR. – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: AB 0201, Lot 013 also known as Seawall Lot 351 (Washington Street at the Embarcadero)
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning and Development
*Negotiating Parties: San Francisco Waterfront Partners, Simon Snellgrove

Under Negotiations: _____Price ____Terms of Payment _X_ Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at SWL 351.

5. RECONVENE IN OPEN SESSION

At 3:15 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Lazarus made a motion to adjourn executive session and reconvene in open session; Commissioner Brandon seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Brandon made a motion not to disclose any information discussed in executive session; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

6. ANNOUNCEMENTS: The Commission Secretary announced the following:

A. **Announcement of Prohibition of Sound Producing Devices During the Meeting -** Please be advised that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

B. **Announcement of Time Allotment For Public Comments -** Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

7. EXECUTIVE

A. Executive Director's Report: Executive Director Monique Moyer reported the following:

- Blue Greenway Workshops – September 29 and October 6, 2010 from 6 p.m. to 8 p.m. at Pier 1

 The next round of Blue Greenway Community Planning Workshops is based upon geographic areas of the Blue Greenway. On September 29, 2010 at 6:00 at Pier 1, Port staff will focus on the Central Blue Greenway sub-area (Islais Creek to the northern Boundary of the Hunters Point Shipyard). On October 6, 2010 at 6:00 at Pier 1, Port staff will focus on the northern Blue Greenway sub-area, from (Mission Creek to Islais Creek). At each of the workshops the Port and its partner agencies will present for review and comment, concepts for program and uses for Port open spaces and concepts for a palette of site furnishings for the entire Blue Greenway. In addition, the Port meeting will be used to review the comments received on the Existing Conditions analysis and first workshop. To review material prior to the meetings, please visit the Port's Blue Greenway web site at www.sfport.com/bluegreenway.

- CUESA's 8th Annual Sunday Supper – October 3, 2010 at 5:30 p.m. at the Ferry Building

 For the last 8 years, CUESA has brought together, farmers, artisans, chefs and market lovers for a heartfelt evening. Guests come for the four-course feast, but leave feeling part of something much more unique, knowing they've done their part to help educate eaters and support local farmers. There will be a reception at 5:30 p.m. in the Ferry Building. The dinner will be held at 7:00 p.m., which is a four-course supper served family style in the Ferry Building's Grand Hall. There will be tableside carving, live auction, and farmer presentations. Each supper guest joins a communal table and enjoys a meal prepared by one of six chefs.

- Shoreside Power Dedication – October 6, 2010 at 11:00 a.m. at Pier 27

 The ceremony commemorating the inaugural connection of a cruise ship (Island Princess) to shoreside electrical power will take place on Wednesday, October 6, 2010 at 11 a.m. Pier 27. Because the ship is in part of a secured facility, the event is not open to the public. The Port has partnered with EPA, the Bay Area Air Quality Management District, and the San Francisco Public Utilities Commission on this project. We look forward to plugging in the Island Princess to shoreside power.

- Fleet Week – October 6 to 12, 2010

 This year's Fleet Week will run from October 7 to October 12. U.S.S Makin Island will actually sail in on October 6 and will be berthed at Piers 30-32. The Fleet Week is produced by San Francisco Fleet Week Association, which is governed by a board of directors which is headed by General Michael Myatt. The mission of the association is to honor the dedication to duty and sacrifices of the men and women of the U.S. Armed Forces and to conduct and offer disaster preparedness training. The 2010 Fleet Week will showcase the humanitarian assistance disaster response capabilities of the U.S. Naval Services. These are the same capabilities that were employed in Haiti following the earthquake. New events to Fleet Week will include a senior leader seminar to discuss the military capabilities and search and rescue training by the San Francisco Fire Department. The air show with the Blue Angels will take place on Saturday, October 9, and Sunday, October 10 from 1:00 to 4:00 p.m. The parade of ships will commence at the Golden Gate Bridge on Saturday, October 9 at 10:00 a.m.

 This year the U.S. Marine Corps is also sending several hundred marines as part of a special purpose marine/air/ground task force, including their band. There will be some battles of the bands around the city. The U.S. Navy is dispatching a total of five ships from the third fleet. These ships will be open to the public and will be berthed at Piers 27 and 35 in the northern waterfront and Piers 30-32 in the central waterfront.

8. CONSENT

A. Request authorization to advertise for competitive bids for Construction Contract No. 2746, Five Year Maintenance Dredging Project. (Resolution No. 10-67)

ACTION: Commissioner Lazarus moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor. Resolution No. 10-67 was adopted.

9. ENGINEERING

A. Informational presentation regarding San Francisco Public Utilities Commission (SFPUC) proposed Fats, Oils and Grease (FOG) Control Ordinance.

Rich Berman, regulatory specialist with the Port's Real Estate Division, indicated that in September 2008 the Port Commission approved the Port's adoption of a sanitary sewer management plan. We're required to have that as a sanitary sewer operator under state regulation and we're required to control the discharge of fats, oils and grease into the sanitary sewers. PUC has developed a draft ordinance which they're prepared to take to the Board of Supervisors for adoption. Karen Hurst, PUC's water pollution program manager will make a presentation of the draft ordinance.

Karen Hurst, SFPUC water/sewer department and the water enterprise, indicated that her job is to implement and manage programs that keep pollutants out of the sewer system, which are required by permits. Not only are they good for the environment, but they're also required by permits. As Rich Berman mentioned, they are going to the Board of Supervisors with a resolution that has already been approved by the PUC Commission for an ordinance that's going to help control grease in the sewers. She showed an example of a sewer lateral coming from a restaurant. It looks like water but it actually is hardened grease with a little trickle of water. This is what happens when it hits the main sewers. They had to jackhammer the manhole cover to get that out.

It's not a pretty subject, but it's been a problem for a long time. They have inspectors that go out and have been teaching restaurants throughout the city since 2004 about not pouring grease down the drains, dry-wiping plates. They've also started the SF Greasecycle program, which offers free collection of used cooking oil because a lot of smaller restaurants didn't want to pay for that. They started picking that up for free. Now a lot of the private companies are also picking that up for free because it has a market value. This is part of a suite of programs they have to keep people from dumping things down storm drains and chemicals in their homes and in their businesses.
It turns out there are local ordinances that should be controlling this, both the Port and the PUC. Both the city and the Port plumbing codes require that

restaurants have grease capturing equipment. The Public Works Code, which is the city code that regulates the sewer system, has requirements that allow discharge of a certain amount of grease into the sewer system. Both of these are to help comply with their permits at their treatment plants.

The crews that go out and respond to work orders, over 40 percent of their calls have to do with grease. When you break that down to staff time and equipment and videos and cleaning, etc. that's over $3.5 million a year that they're spending dealing with grease, in spite of existing laws. It also wears on the pipes, etc. and it keeps people from dealing with more proactive inspections and other things that would increase their levels of service.

They started investigating a few years ago why this was, and there are about 3000 restaurants in the city that are potentially discharging grease. They found that a lot of the restaurants either don't have any equipment at all or they changed hands and the new owner doesn't even know there is a grease trap. Others have equipment but they don't clean it. It's basically a big, crusty piece of grease with water flowing over it.

They realized that historically there is a gap in regulation where the department of building inspection or the Port inspectors will require that a new restaurant put the equipment in, but no one really goes back and looks at it to make sure that it's maintained or serviced or kept there if the restaurant changes hands.

What they have developed over the last several years working with the Golden Gate Restaurant Association, the Port, and other key stakeholders, is an ordinance that clarifies existing requirements about cleaning and maintaining the equipment, making sure that it's fully operational and in place. It's going to move some restaurants to more modern equipment called the automatic grease removal device.

They have been working on this for several years. They received a letter of support from the Golden Gate Restaurant Association. They've been working with the Port inspectors, DPH. A draft ordinance was posted on their web site and they've done a series of presentations, town hall meetings with restaurant owners and some door to door outreach. They've had some press, Chinese Chamber of Commerce.

The ordinance makes sure that people continue best management practices that are already out there. They are going to give more guidance about how to properly manage the grease recovered from the traps. It will clarify that there's a need to have existing equipment per the plumbing code.

The new factors have to do with the type of equipment. There are three kinds of grease capturing equipment. The grease trap is a typical trap. A large interceptor, about 300 gallons to 1500, is located outside a fast food

restaurant. There aren't that many in the city because we just don't have space. They're technically not feasible in San Francisco.

An automatic grease removal device is a slightly newer technology. This has mechanical parts that skim the grease off and also a basket up front that removes food waste, which helps it not accumulate so much grit.

The benefits to the grease removing device (GRD) is it's not as offensive when cleaning it so people will clean it more often. It pulls out the solids. They are also looking at opportunities to be able to re-use that grease because it's a cleaner quality.

They are going to categorize restaurants based on the risk of discharging grease to the sewer. There are four categories. It would depend on how much they cook and what kind of cleaning and cooking devices they have.

A category four is going to be a place that reheats food; maybe a coffee shop. They don't even cook. Under the current code, they're not required to do anything in terms of putting grease capturing equipment, and that doesn't change. It's just going to clarify that.

Category one is, for example, a big steakhouse that puts a lot of grease in the sewers and has no equipment. The crux of the ordinance is that those folks that are at category one that have been violating the existing codes are going to be required to put the automatic grease removal device in.

Other folks that have existing equipment can keep it; they just need to service and properly maintain it. There will be some clearer standards on that because they're finding that lots of restaurants don't know what that means.

The reason it's taken them so long to go to their commission and move to the board is that the GRDs are a little bit more expensive because they are automated. They have done some surveys and some vendors came out and gave some quotes locally, and installation will depend on the kitchen, etc. They can range from $2800 to $6000. It depends on the kitchen layout.

PUC is going to be reducing the loading charges that restaurants pay. Right now a restaurant pay a loading charge for the amount of oil and grease they're putting into the sewer. It's assumed to be 300 mg per liter, which is the maximum allowed. They don't sample every restaurant as it would be technically infeasible to do.

Because this equipment operates more effectively, the restaurants would be lowering the amount of oil and grease discharged, and it would lower their sewer bill on those charges by about 14 percent. They've received some quotes and it turns out it would make the return on investment on this equipment about one to five years. There are also other benefits. If the

laterals aren't clean, a lot of restaurants pay every month to have their laterals flushed out.

PUC wastewater inspectors will continue to inspect restaurants on Port property. There will be no new responsibilities for Port staff.

They have made a presentation to their Commission and they're approaching the Mayor and members of the Board of Supervisors to see who would sponsor the ordinance. They hope to go back to the Board of Supervisors in the next month or so and have it adopted by the beginning of the year.

Commission President Rodney Fong indicated that Fisherman's Wharf recently has done some work down there such as changing out some things and some pipes. He thinks that will be noticeable.

Karen Hurst replied that it would help. They are working with Port staff to address some of the issues with regard to the grades, etc.

10. PLANNING AND DEVELOPMENT

A. Request approval of term sheet for Seawall Lot 351 (at Embarcadero and Washington Street) with San Francisco Waterfront Partners II, LLC as part of the 8 Washington Project. (Resolution No. 10-66)

Jonathan Stern, Port Planning and Development, asked for Commission's endorsement of the term sheet for the Seawall Lot 351 project as part of the 8 Washington overall development. The site is approximately two-thirds of an acre and it's located at Washington and Embarcadero.

The Commission authorized Port staff to issue a request for proposals for development submittal in 2008 for this parcel. We received proposals in December 2008 from San Francisco Waterfront Partners. We evaluated that proposal and Port staff came to the Port Commission for recommendation of awarding a development opportunity that was awarded in February 2009. Subsequently Port staff entered into an exclusive negotiating agreement in August 2009 with the developer, San Francisco Waterfront Partners.

Jonathan Stern indicated that he's presenting the term sheet that came out of those exclusive negotiations, and asked for Commission's recommendation to move for endorsement of the term sheet and moving forward to a Board endorsement for the term sheet.

In February 2009 the Port Commission directed Port staff to work with the Planning Department staff to come up with a planning study for all of the seawall lots, the parking lots the Port owns between Washington Street north to North Point Street. This ultimately was a study the Planning Department designated as the Northeast Embarcadero Study, and they completed that study in July 2010.

After that study was completed, Port staff worked in earnest to negotiate this term sheet with the developer.

The 8 Washington site is a compilation of Seawall Lot 351. It's currently a parking lot. 8 Washington, the project, is what happens when you combine it with the adjacent 2.5-acre Golden Gate Tennis and Swim Club site, which is currently the site that has tennis courts and swimming pools surrounded by the big, green fence right next door.

As in the original submittal in December 2008, the developer proposed to build residential condominium projects on the portion of that combined site between Washington and Jackson Streets and reserve the rest of the site for a rebuilt tennis and swim club, including four tennis courts and a park for the portion of that combined site north of Jackson Street.

After the NES study was completed, it was slightly revised and they've submitted a revised application for a CEQA process.

The term sheet sets forth the economic parameters and other fundamental terms, with a basis for negotiating further transaction documents, leases, property transfer agreements, etc. Project approvals will have to happen after environmental review occurs and after other regulatory actions.

There is an understanding that the project will continue to evolve throughout this public review and regulatory review process. The project is subject to completion of environmental review. That environmental review will look at a full range of appropriate alternatives and any mitigation measures necessary brought forth by the CEQA review. The term sheet may be subject to further changes in the course of that public review, and during this extensive public approval process there will be CEQA review and it will also be forced to respond to other city, port and other public agency and public concerns that come forward.

The term sheet is limited to the uses currently proposed by the developer and does not cover all the potential uses for Seawall Lot 351. The Port may consider other uses for Seawall Lot 351 as part of these approval processes. The term sheet may be amended along with the ENA to reflect any subsequent proposals to change the uses, the mix of uses, the intensity of development, or other fundamental terms subject to Port Commission review and additional CEQA review. Along with any underlying documents such as pro formas, the term sheet is not intended to be and will not become contractually binding until the parties execute and deliver the transaction documents.

One of the fundamental differences between the proposal we received in December 2008 and the current term sheet has to do with the transaction structure. That was contemplating a lease structure where they would lease

the entire site for 66 years as part of this project. What the developer has proposed, and this term sheet reflects an agreement between Port staff and the developer, is something that's a little more complicated. Essentially it is a swap of the public trust on certain properties of Seawall Lot 351 to certain portions of the Golden Gate Tennis and Swim Club site. The swaps that are proposed are shown in the graphic. The current parts of Seawall Lot 351 that have the public trust are shown in gray; the new areas that will have the public trust are shown in green.

It will be aligning public trust uses on the site from just being what it is currently, which is parking, to long-term parks and public use ways, walkways, view corridors. They'll be used and allow waterfront enjoyment in perpetuity. That's the fundamental change in the transaction structure. That led to changes in how we are contemplating payment. We're no longer looking at a lease payment, but we're looking essentially at a sale. So a lot of the area south of the Jackson Street right-of-way would be reserved for two residential condominium buildings. We're contemplating between 140 and 170 units, is what's projected and one of the alternatives that will be reviewed in the CEQA process.

That parcel of land would essentially be sold to the developer, at least the portions that are currently Seawall Lot 351, shown in gray. What we've agreed to in this term sheet is that the sale price for that parcel will come in a number of different modes. The first is a cash payment, guaranteed $3 million payment at stabilization of the project that would be no later than one year subsequent to finishing construction of the buildings on the site. In addition to this cash payment, the developer would agree to put covenants on the property and all the condominium interests in the property equivalent to one-half of 1 percent of all sales of residential condominiums and all but the first sale of any commercial condominiums that result from the project.

The developer would go further to say that all first sales of the residential condominiums, the 0.5 percent on the first sales, would be guaranteed to bring the Port no less than $2 million of proceeds from those covenants. That's the second form of payment. The third form of payment would be all commercial and residential condominiums moving forward would be subject to that sale. So as those properties turn over moving forward, we've projected an income stream from that property for all the subsequent transfers that would amount to about $25 million over the 66 years that we were originally contemplating. It's worth about $3.1 million net present value.

That would be the third form of value, which is sort of a tail of proceeds from these covenants moving forward. Also on the green park parcels, which now the Port would have and be impressed with the public trust, the developer would agree to pay $120,000 a year escalating annually for 66 years and would agree to park maintenance on those parcels in perpetuity.

Additionally, depending on how the CEQA and project approval process goes, there are currently proposals for some commercial uses on some of those green areas, some of the park uses, either a cafe or restaurant to help enliven those parks. The park would receive 15 percent of gross proceeds from those commercial enterprises. That's sort of the straight compensation. If you look at all those pieces together on the chart, those total a net present value basis as if we were being paid today about $10.1 million of value to the Port.

The other benefit to the Port is through public financing mechanisms. The Port has the ability to create IFD districts to pay for infrastructure and other Port improvements. We currently have an enhancement of that IFD law sitting on the governor's desk and we hope it will be signed in the next two days. That would be helpful. One of the agreements is that the developer would agree to include the Golden Gate Tennis and Swim Club site in an IFD district, and in that case all the condominiums, commercial and residential, the increment of property taxes that recur there would flow to the Port.

We believe it will amount to about $2.5 million of tax increment to the Port a year. We're estimating that bonding capacity at about $24 million that can be used for Port improvements. In exchange for agreeing to put both properties in an IFD district, the Port would agree to spend up to $5 million of qualifying public improvements on public parcels that are related to the project that are either on the new park parcels or on the surrounding public realm that will be hammered out as part of project approvals.

In a similar vein, the Port agrees to work with the developer to create a community facilities district, a Mello-Roos District, on both properties. Community facilities districts is a mechanism that can be used to fund public improvements for the project.

Overall, it has benefits to an order of magnitude of about $10.1 million of direct payments to the Port over time, and would have the additional ability to increase the IFD revenues the Port could expect to capture. Our assessment is the transaction guarantees short-term payments in terms of those guaranteed payments up to $5 million in the next couple of years. It will enhance our long-term lease revenue through the park and commercial revenues, and provide the Port with new mechanisms to participate in the long-term appreciation of our real estate assets.

Given the current state of the real estate market and financial markets, this financing structure allows the Port to unlock the value of the site by accepting payments at stabilization and receiving long-term participation for the financial upside on Port properties.

Simon Snellgrove indicated they've been coming to the Port Commission since July 2005 with this project, a period of five years. As Jonathan pointed out, the Port awarded them the ENA for this project subject to a planning process that was expected to take six to eight months, called the Northeast

Embarcadero Study. It actually took 18 months. Vigorous meetings, a lot of work on all parts and through various requests for extension of time we made a lot of studies, a lot of different models.

We recognize that anytime that you build a project in San Francisco that you get a great diversity of opinions. You can't build in this city without vigorous debate, and sometimes the opinions are divergent and in fact contradictory. This was true of projects that are now deemed wildly successful. If you think back to Embarcadero Center -- indeed, the Golden Gateway Apartments themselves -- the ballpark, the Ferry Building -- all enjoyed this vigorous debate about what's best for the neighbors and what's best for the city, the greater benefit.

We fully appreciate and respect that many of our neighbors have legitimate concerns to preserve their standard of living, their quality of life, their amenities, and even their views. At the same time, we understand and appreciate that the Port must execute its fiduciary duty under the Burton Act and the city charter and balance these concerns with the best interests of the Port, the city at large, and in fact the whole state of California.

So resolving these -- working these out -- is arduous. It's complicated. We very much appreciate the hard work that our neighbors have put in. We appreciate we'll never get unanimity of opinion in this city, but we're going to show you what we believe is a best project to recognize the value of combining your land, SWL 351 with the Golden Gateway and the benefits that we have been able to produce for not only the neighbors but the city at large.

For five years we've expended $26 million in trying to get to this point. We've retained one of the world's leading architects and a group of designers. We think that our proposal should meet the Port's objectives of sustainability, produce a project that serves the public at large while providing the Port with economic sustainability which will enable it to realize some of its capital obligations, rehabilitation, public area improvements, Port infrastructure, and the like.

He introduced Craig Hartman, the lead architect with Skidmore, Owings and Merrill. He's got a tremendous team behind him. Craig is going to push the first button. This is what Jonathan was saying, for people in the audience who aren't familiar with this site. The red is block 351; the green outlined is Golden Gateway land, which is currently used by the Tennis and Swim club. The combined site is arguably the highest and best use that was contemplated in the northern waterfront plan.

Craig Hartman, design partner at Skidmore, Owings and Merrill in San Francisco, indicated that the project site is extraordinary. It is one of the great civic places now in the world. With the removal of the Embarcadero Freeway this has become an extraordinary place for the city and an example for the entire world in terms of what the waterfronts of our cities can be.

The project summary program you see here is, in my opinion as the architect, a gift to the city. It begins with a public open space which is almost 20 times what currently exists there. At 20,000 square feet it is more than the entire seawall block 351 combined. With this, bordering the open space will be a very active pedestrian-level elements, including restaurants, retail, private recreation, residential -- 165 dwelling units, all of which will be south of Jackson Street. Residential parking, and public parking of 255 spaces, which will support the activities of the waterfront. In addition there will be 70 spaces for bicycle commuters and lockers provided within the basement level, B-1 level, of this project.

The Northeast Embarcadero Study articulates some very clear principles about the city and about how this waterfront site and this series of sites along the waterfront should respond to making a great city, including especially strengthening the city context pattern, honoring pedestrians especially, and creating significant public open space. This project in fact does all of these things.

Beginning at Washington, where the Planning Department is recommending narrowing the street, straightening it, making it more pedestrian-friendly, and making a very strong connection from the city to the waterfront along that street.

Secondly, it is opening up the view. As you can see on the left-hand side of the photograph, that boxed-in space as it was articulated that there is a green fence that currently blocks this site from the waterfront. Open this up with cafes and public open space along Jackson Street.

Finally, along the northern section at Pacific to also likewise open up to the waterfront to create a neighborhood park that is of the proper scale and support of the neighbors and children within this district.

The program itself at grade level is extremely important in terms of its activity and its vitality. This is something that Simon and his partners at Pacific Waterfront Partners are actually passionate about, and includes as you can see in this drawing beginning at the north end a cafe and bicycle repair shop and child care that will support the park in the north side. The fitness club, the cafe is in the corner. Retail that wraps around, a brasserie at the corner of Washington and the Embarcadero, and additional retail that continues and surrounds the site.

It will be a very active space, and it's directly adjacent to one of the primary mass transit systems in our city with the Muni system, the trolley system that's directly adjacent, a Muni stop that's right adjacent to our front door, and with this a series of these triangles represent over 18 points of entrance into the site.

It will be a very porous, not long, blank walls but rather a space that's very active and supportive of activities at the grade level and supported by the removal actually of existing curb cuts at the corner of Embarcadero and Washington that are currently used by Seawall Lot 351 and replaced by simple and clear pedestrian and vehicular access with the purple triangle you see there as access to the below-grade parking. The green triangle shows access to secured parking for bicycles, for commuter bicycles and lockers, off of Washington.

Finally as you may remember that in detail we previously had two curb cuts along Washington. In response to the Planning Department's commentary we've reduced that to a single one along Washington to make this more pedestrian favored, and service off Drumm Street.

Very importantly, this site is very much a part of the city's urban topography. If you look at the city from the water looking back, we see the financial district to the left. Tel Hill, Coit Tower to the right. Te topography that is created by this, there are sort of jagged peaks and valleys that define our city.

We think that it's very important that we honor the general quality of this as it tapers from the Financial District down to the waterfront and to the northeast section of our city, and even along the waterfront itself which is lower as you can see there, defined by the hotels along the Justin Herman Plaza as it slopes down into the neighborhood.

Looking in this, then, in detail at our piece, the little yellow swish there is in fact the site that we're talking about. You can see how it fits within both the larger context as well as the fine context of the city. In terms of its relationship to urban form.

Here we are looking down the site from the water. You can see again how the project is massed in a way that brings the waterfront up to meet the Financial District and the other way steps down to meet the neighborhood. It is anchored at the north end by the Pacific Park we talked about, neighborhood park, and then to the recreational park and then finally to the dwelling units in the site.

The Northeast Waterfront Embarcadero Study recommends certain specific heights as a guideline for the site. You see them outlined in red here. To be clearer about it, if you simply shade in white the areas that comply precisely with that planning study, certain parts of this are significantly below what the Northeast Embarcadero Study would allow.

There is a small area which is above what this recommends, including two small blocks of dwellings which are in the shadow plain created by the Davis Court Tower adjacent to it, directly in line with that piece. A small piece protrudes above for elevators to give handicap access to the second level of the fitness club.

In summary, if you look at the average of these heights you can see the red and green line. The red line is if you take the average heights along the Embarcadero you see it's approximately 26 feet. If you take the average height of all the pieces that comprise this project from the corner of Drumm Street and Washington all the way to the park you can see the average height is about 36 feet and a half. The massing of this in the architecture is meant to be the highest possibly quality level. It will be simple, elegant materials that are limestone, teak, and glass. Green roofs. It will also be at the highest level of sustainability, at least LEED Gold in terms of its certifiability for sustainability.

You can see that the massing here looking back from the north to the south that the project will be very much a part of the context of this part of the city. We think it will be a very elegant addition to our great waterfront.

Simon Snellgrove indicated that we have a slightly different view of the financial proposals than Jonathan presented, and it really has to do with we're more optimistic, being developers. The total payments under the subject transfer were calculated using 1.5 percent per annum escalation in real estate prices. The average for the last 40 years in California has been 7 percent, so we used three.

At 3 percent, at 99 years, because it's in perpetuity even though the Port lease is 66 years. We just want to emphasize that the subsequent transfers in total costs over 99 years using 3 percent per annum would be $127 million with a net present value of $4.5 million.

The entitlement costs, which we have estimated for this site at $2 million would result in total payments to the Port of $13.4 million against. The RFP requirement was $500,000 a year or $9.6 million that was before the crash or recent unpleasantness.

We're very pleased that this contract that we worked out over the years with the Port staff has resulted in something that will be of long-term benefit of the Port and set a precedent which the Port will be able to use to provide an enormous amount of benefit for the city.

We think it's the highest and best use with the Golden Gateway land. We've got an above-market land price. We calculate the IFD funding as a $40 million benefit that can be used for public purpose on the waterfront in addition to all those land values. We are delivering an area of public open space which is greater than the area that we're buying.

We're also, after paying all that, giving the land back. The participation rent from the cafe and the public park, participation in sales for the transfer fees, 81,500 square feet of measurably improved recreation facilities and public open space, about 51 percent of the site; retail and restaurants further

animating and securing the neighborhood in a combined project which provides greater tax increment bond financing to the Port.

Jonathan Stern asked for the Commission's endorsement of the term sheet. If the Commission endorses it, we will move to the Board of Supervisors for their endorsement of this term sheet.

In the 2004 management audit of the Port by the Board of Supervisors' budget analyst, one of the recommendations was that the Board of Supervisors should get an early read of our term sheets to make sure that the Board is exercising its fiduciary responsibility of making sure that the Port is getting the best value for its land and these transactions. We're hoping that they will agree that this is a good project for the Port and a good transaction for the Port.

Jonathan Stern pointed out some very minor corrections to the resolution. They're all on Page 8 of Resolution 10-66. The two final "whereas" clauses on Page 8 have misidentified the exhibits, so in the second to last "whereas" clause the project plans are shown in Exhibit B, not Exhibit A. For the last "whereas" clause the term sheet is shown in Exhibit C. Staff would ask that those amendments be made to the resolution.

Brendan Dunnigan – I'm a San Francisco resident, raising my children here in San Francisco, and collectively as a city I think this project clearly represents something that's better than what is there now. I wholly endorse this project, and would ask your support on it. One of the things I do want to share is that I have spoken with a friend of mine who lives at the Golden Gateway apartments. We've discussed the positive attributes and the negative attributes as his adjacent residents have shared with him. He also endorses this project; however, for him to get up in front of this group and openly see who he is, that is something that's impossible because he would be ostracized by those he lives with. I think the issue here is that democracy needs to be understood that if you have an opinion you can be able to share it. I am here to share his opinion, and whether you believe me or not that's something that is factually based. The other issues I want to address is that they've hired a fantastic architect. The scale is appropriate. I am a licensed architect in California, and this is the appropriate response, the step down of the building adjacent to the Embarcadero Center Four. Its scale is very respectful of what's already there. I think this project has done what is appropriate. It's given open space at 28,000 square feet, which is greater than what they're buying. It's a phenomenal project and should move forward.

Tony Guzzetta - I represent the plumbers union in San Francisco. I'm a city resident, and I would urge you to approve the term sheet. We have about 40 percent either unemployment or underemployment right now, many of whom are San Francisco residents. This project, since it was conceived it's been about five years. We would like to see this project moved along for the sake

of the people who work and live in San Francisco. I urge your approval of the term sheet.

Dave Stockdale with the CUESA, Center for Urban Education about Sustainable Agriculture, the nonprofit that operates the Ferry Plaza Farmers Market. In that capacity I am representing our 120 market sellers. We, too, urge you to endorse this term sheet. The current proposal we believe successfully addresses the issues and recommendations from the recently completed Northeast Study. It is in scale with its surroundings. For those of us who work to support small businesses in this area, the residential units included in it will bring additional customers to us, and the public parking access will support those of our customers who rely on using cars instead of mass transit although mass transit is always preferred. The site will provide recreational access for the public, and creates far better linkages between the waterfront and the rest of the city than currently exists. We also like the proposed land swap, because as members of this community we would much rather that open spaces be held in our trust versus a parking lot. So again, we urge you to endorse the term sheet.

Michael Theriault, San Francisco Building and Construction Trades Council - I've said it before, this is a great project. There are some tradeoffs involved, but those tradeoffs are all to the good. You lose a surface parking lot. You gain pedestrian traffic and pedestrian life on the west side of the Embarcadero where you have little right now. You lose a few private tennis courts. You gain public parks. You lose a few private views. You gain public views down Jackson Street. You gain an immense amount of money for the Port, whether by your calculations or by the developer's more optimistic calculations. It's money that you need, and that the public needs, through that fine public institution the Port. I ask you to serve the public, and not a few private individuals however influential they may be. And I ask you to approve the term sheet.

Brian Kuth - I'm a business owner in North Beach and also a resident for 23 years. I was here with the Embarcadero Highway was in place; when that came down it was kind of a promise of the city being opened back up to the waterfront and being able to be connected to this extraordinary asset the city has. I think this promise still has yet to be realized. What I admire and respect about this project is it really fulfills that promise. It brings a connection from deep into parts of the city to Jackson Square to North Beach. Most importantly it really develops and encourages a way to think about open space. Open space is not sprawl; it's really a controlled -- particularly in an urban -- a more organic kind of entity. So the way this project has the parking nested within the interior of its plain and then the public amenities and commercial aspects to this that really encourage a kind of participation, a kind of vitality to these open spaces. You have eyes on the street. You have vitality. You have an organic kind of idea about open space and how it connects this waterfront feature and greater parts of the city and I think ultimately results in healthier and livelier city. I think it really goes to how the

waterfront needs to be developed along its full corridor, so it acts as a model and a way to look at all the districts and parcels that will be coming up in the future. I fully support and endorse this project.

Sue Hestor - I saw for the first time the swap parcels in an exhibit, but it's not in your document. I will show you, this is your parcel. This is your parcels here. If you look at the development, the development is in the parcel south of Jackson Street. What is illustrative of the problems you have is the Port has 20 percent of the land. 80 percent of this parcel is under city jurisdiction, not the Port. You have structured an entire deal assuming that you can take city revenue and it will flow to the Port. It's in two different places. One is the IFD for the improvements, where you're assuming that you're going to have an infrastructure finance district for improvements, and that money is going to come from the parcel that is not under the Port control. It's under the city control tut the money flows to the Port. Even more important, you're assuming that you are the redevelopment agency and you can extend what the redevelopment agency used to do, which is the tax increment to city property. You have 20 percent of the site. You are assuming you can take 100 percent of the tax increment with no by your leave from the city.

I do not see anyone from the city on these papers as having endorsed it. The Board of Supervisors has to agree that you can take the General Fund revenue and use it exclusively for the Port. You hide this in this document. My guess is the number of civilians that read it and understood that is very small. It's kind of really glossed over. How does the Port justify taking general tax revenues and dedicating them to the Port? That is what is underlying this entire financing.

The second thing that's a deficiency is that you are building a gigantic, concrete bathtub in the water table. This is the first project that you have that you have to really think about global warming, because you build that underground parking garage and unless there is indemnification for the life of the project so they cannot be avoided by bankruptcy, by wheeling and dealing and title that none of the costs -- and there will be costs as water is displaced under the adjacent properties -- are borne by the Port.

Mr. Snellgrove and his partners, which includes Golden Gateway Center have got to give you a 100 percent guarantee for that future cost, and it's not in there now.

Lee Radner from FOGG, 15 year resident of the Golden Gateway and not afraid to stand up for what I believe. You and the Port have received some very detailed letters in the last few days covering our community coalition's lawsuit, now supported by 22 neighborhood groups, and letters expressing our very serious concerns regarding the proposed term sheet, detailing its fallacies, inconsistencies, and a number of unanswered questions as to its feasibility. I could spend all day quoting what we have already presented, but we leave it up to you to digest and understand the seriousness of why this

process must not continue. To put it mildly, let's just call it a very professional "bait and switch" operation.

To add to your reading and homework I have provided your executive director with copies of the FOGG brochure, a factual perspective on the proposed 351/8 Washington project. Included is an insert on letters from Diane Feinstein both as mayor and U.S. Senator and a letter from Robert Rumsey, former deputy director of RDA who sent Edward Helfeld this letter, who was executive director of RDA in August 8, 1990.

Here are some excerpts for your edification. On May 9, 1984 Mayor Feinstein wrote to the RDA, "As a supervisor and Mayor I have had a long history with the redevelopment plan and agree with those who maintain that the particular site, 8 Washington, has always been considered set aside for recreational and open space."

On January 24, 2003 as U.S. Senator she wrote to Gerald Green, then-director of the San Francisco Planning Department, "As a former supervisor and mayor I have had a long history with the redevelopment at Washington and Drumm Street, and concur with those who believe this space was intended for recreation and open space."

For the Port to thumb its nose to the solid block of community groups and residents along the northeast Embarcadero corridor is not only irresponsible but borders on true arrogance. It is not too late to take a step back and recognize the serious concerns of your neighbors. We urge you to do so.

Eula Walters - I live across the street for 40 years in the Golden Gateway Center. I moved there on account of the pool. I have a major statement here. This is a contract. This is the original contract made between the redevelopment agency and it's dated 1962. It designated specifically the recreational area. Specific to demands here are that the rec property today, the need for open space still exists. I moved into the Gateway 40 years ago and owe my 90 years age to the pools that I use daily. Eight Washington will squeeze us into a madness of traffic, noise and pollution of air. This open space makes San Francisco unique throughout the states, the nation and the world. This open space is an area to be envied and copied, not to be destroyed. To destroy would prove the greed of the builders.

John Hultgren - I am certified in culinary arts and hospitality management. It's kind of fitting to be between the presentation on grease and business of the city but I've always been impressed with the development that's gone on along the port. I am a member of the Golden Gateway Tennis Club as well as four other clubs, one in Marin. I was born in San Rafael. My grandparents, my dad's parents are from Sweden, his father sailed around the world, ended up here in San Francisco, lived through the San Francisco earthquake and fire. His first two sons got pneumonia while he was at sea and died. Consequently, my father became a physician and was chief of cardiology at

the Stanford School of Medicine when the hospital at Stanford was built. We were living in Mill Valley. We sold our house and built a house on the campus. That's basically where I was raised. My mother was a tennis player, one of the best junior players in southern California, national champion in Philadelphia when she was 17. She's also the author of the ball training manual that the USTA has been using. She did the ball kids for the Virginia Slims tournament, the Transamerica tournament, the Davis Cup. I grew up playing tournaments in the area. Tennis has just been a part of my life. The three things that I think I'd like you to just keep on the horizon when thinking the larger picture of this whole project. One is that there are 1,600 members of the Golden Gateway Tennis and Swim Club. I realize, because I read it, that this is the second highest priced real estate for a tennis club in the world or at least the country. It's understandable that developers would want to take advantage of the proximity. I think that due to the fact that parents can bring their young kids, infants. There's so many that come and use the pool. The kids wouldn't understand why it was closed, first of all. There's a lot of kids. I think that's an important point. The second point I think that's important when he was at the hearing at City Hall, somebody got up and spoke and said that Larry Ellison had secured the World Cup to be here. I don't think that's been verified. He did win it and has that discretion to bring it here. Should that come here, I think that has a larger sort of thing to think about when considering all these factors. I just hope you make the best decision.

Bill Benkovitch - I've been a resident at the Golden Gateway for over 30 years. I'm here to comment on three documents that have been given to you. I'm not sure everybody in the room has seen them yet. They're the Brandt-Hawley Law Group letter dated September 27, the Susie Hestor letter dated September 27 and the Neighbors to Preserve the Waterfront and Friends of Golden Gateway joint letter of today. I've read these documents. I really hope you read them. These documents are very comprehensive. The statements in there are extremely compelling. Based on the information presented, I do not believe a reasonable person can endorse the 8 Washington project today without having thoroughly reviewed these documents. To do so would be a disservice to those of us who live in the neighborhood and to the city of San Francisco.

Bemi Jahal - I'm with the Mark Company. We offer design, research, sales and marketing support to residential developers. We've done projects such as the Brannan, Arterra, Infinity and Watermark, to name a few. I'm here to address the fact that there's a misconception that there is a housing surplus in San Francisco when, in reality, there is actually going to be a shortage. In about 2007, we peaked with 3,000 condominiums. From that time, we have about 800 right now that are not sold or in contract. On average, in the past few years, we've had about 1,000 homes absorbed, new condominiums absorbed in San Francisco each year. So knowing those facts and also knowing the fact that there's no new major residential project that's on the books right that's in construction that kind of leads us to say that there's going to be a housing shortage. With the development of 8 Washington, it will bring

new housing to the Embarcadero as well as liven up the area. I definitely am in support of this project. I think the 8 Washington project will help the housing shortage.

Dick Glumac - As I've said before, I would like you to consider this project as a success for San Francisco and approve the plan presented to you tonight. As you know, the Skidmore, Owings and Merrill, being one of the foremost architectural firms in the world, and hopefully, they will repay the favor they owe me for about 25 years and hire me to do the engineering work. There was a project even though, at the time, Skidmore, Owings and Merrill had their own engineering department. One of the senior partners came to me and said, "Dick, I have a special project for you. I know you're qualified. You did a lot of movie theaters, I can see from your resume." So they hired me. I was puzzled why they didn't hire their own mechanical, electrical engineers until I walked down to the theater. It was on Taylor Street, one of the porno houses. I'm going to call on Craig and try to collect the favor.

Jennifer Weiss - I'm an active, an enthusiastic member of the Golden Gateway Swim and Tennis Club. I have a very serious spinal condition. I have had two major spinal surgeries. My spine is fused from T2 to L4. It requires me to swim to minimize my pain and to function on a daily basis. It would be a great personal challenge for me to do without this club during construction of the proposed project. However, this opportunity is so unique and so great, a true gift, as Craig said, that I felt compelled to speak of behalf of the project. I've been working in the architectural profession for the past 21 years. I have a master's degree in architecture from Harvard and a bachelor of arts in architecture from Columbia. I own a small architecture practice a few blocks from here. I've lived in San Francisco for 25 years. I know the Embarcadero very well. I've spent much time commuting from Oakland. I used to take the Embarcadero Freeway every day as a teenager actually between divorced parents' homes. I lived on Lower Russian Hill then, and I still do now. I often used to envision what the city would look like without the Embarcadero Freeway. It seemed only to be a fantasy. To see the recent transformation of how the city is gaining its waterfront back has been a rare fantasy really come true. I see the same potential in this project on a number of levels. This project adds open public space significantly. The area needs to be activated by people, activities, pedestrians, restaurants, all things that the former waterfront did not have but now does in other locations. I believe that the streets need to continue through to knit the city back to the water, to give a visual, psychological and physical connection between the water and the waterfront and to the neighborhoods beyond.

There's a great need for parking. I tried to take my elderly great aunt and uncle to the Ferry Building a few months ago. It was so challenging to get them inside that we had to abandon the trip altogether. I think the recreation club would benefit greatly from being part of a larger, multi-use complex and part of a larger, thriving community. I think that the current proposed height is appropriate for the location and for the scale of the city, for the width of the

street and for the proportions of what's been proposed by SOM. Part of the critical talent that SOM brings is their ability to create well-proportioned buildings at various scales.

I did my architectural thesis on scale and community, specifically on modern architecture that addresses the larger civic scale and the individual scale of the human but that neglects the in-between communal scale. One of the many things that's exciting about 8 Washington's proposed project, as with most of the other Skidmore, Owings and Merrill projects, is that it skillfully integrates all of these scales, creating an urban gesture. Creating an urban gesture that's appropriate and fitting for the city, a pleasant and exciting individual pedestrian experience and also the critical in-between communal skill. I think San Franciscans will enjoy the project on all of those levels for generations.

I feel grateful that we have arguably the best architect in the nation, if not worldwide, designing this and a developer who wants to do the right thing. This opportunity is so rare and so exciting. I think it will be tragic if it's lost or stunted.

John Huang - I'm an electrician. I live in the city and a business representative for International Brotherhood of Electrical Workers, Local Six. We represent about 2,600 electricians here in the city. Majority of our members live and work in the city. Unfortunately, we have, right now, over 30 percent unemployment. We don't see any other major development coming in the city. This is a long awaited project, can benefit our members, not only our members but the residents here in city. I urge you approve this project..

Ellen Johnck, executive director of the Bay Planning Coalition. The coalition, as you may know, is a non-profit, membership-based organization representing quite a broad spectrum of our region's maritime industry, local government, unions and a wide group of Bay users. A good portion of our activities is supporting projects and programs that keep our ports and waterfront industry socially vibrant, environmentally healthy and financially strong. We've been involved, over the past several years, working on the waterfront plan and, more recently, the northeast study. I spent many long nights reviewing the guidelines. I'm also a resident here in San Francisco for 45 years. So I take a great deal of interest personally too in what's happening here in our city and the waterfront. I just want to say that your positive action today will build on the momentum that we have going for the waterfront and for the port's financial strength. I really encourage you, both on behalf of the Bay Planning Coalition and myself personally, to endorse the term sheet. This is really an exciting milestone and proposes to create such a wonderful vision going forward in the future. So encourage -- let's keep this moving forward

Phil Ryan - I'm the president of the Golden Gateway Tenants Association, which is the representative of the people who are tenants in the largest planned, rent-controlled, middle-income rental facility in San Francisco. I want

to assure you that we do not ostracize those who disagree with us. We don't waterboard either. I'd like to take one issue for your consideration. First of all, all that's before you is a term sheet. So let's talk about a term. Let's also recognize that we're dealing with a public trust. The state law does not allow the building and construction of housing on public trust properties. What we have here is a parking development. I'd like you to analyze it from three points of view. First of all, the notion of building a three-level, underground, possibly underwater parking garage for 420 spaces, I think you should ask a developer to present you with a proforma of how much that will cost. Without that information, it's bogus to pass this onto the board. In my other life, if you want to know who I am, you could ask your executive director. I know something about parking. I know something about government. I know something about developments. What they propose here is to build 420 parking spaces. Admittedly, parking would be a legitimate concern for the port. Of those 420 spaces, 165 are for the condominiums. You can't sell the condos without parking. In addition to that, you have parking spaces for the restaurants that will be built. You have parking spaces for the retail that will be built. You have parking spaces for the health club and tennis facility that will be built. Even the developer admits that what you're really looking at is 90 parking spaces for the Ferry Building according to the term sheet.

You could have those 90 spaces today or tomorrow by doing a number of things. One, by re-striping sea wall lot 351. Two, by stacking parking. Three, by using pier three's storage space, which is largely unused. Four, by using and we can hope that Monique keep her space, motor pool of port employees. Finally, by using Embarcadero 4. In the paragraph on parking, it makes reference to private development of parking but it also has a reference to possibly public development.

You should not approve the term sheet with both of those provisions. They're contradictory. It's either private, in which case you should demand proformas. Or it's public, in which case you should consult with investment bankers at Morgan Stanley to find out if it's bondable.

Ernestine Weiss - I'm an activist in the area, creator of Ferry Park, the most beautiful open space across the street, just recently finished Peter Pan. It's lively here. I don't know where these people are that say it isn't lively. They're not living in this area evidently. This study, this term sheet, is very seriously flawed. I represent the thousands, the majority of the people that live in the Golden Gateway who are against this. You had many community meetings. You've heard us all. Ninety-nine percent of us are against it and you're still shoving it down our throats. That is wrong. I have been influential with the whole development of the port. I advised Willie Brown to create redevelopment of the port because that's where the money is. The Giants and all this redevelopment was my idea. I know a little bit about real estate, having had that career all my life. The two things that are the worst features of this proposal is the condominiums. There's no need, only greed involved in this condominium. What we do need is affordable housing. Everybody knows that.

We have an over supply of condos. I don't care what all those figures are. The underground garage is ridiculous because I defeated the underground garage underneath lot 202 at Ferry Park because it wasn't feasible. There's water underneath there. All the developments that are underground here have to be pumped out. They have to have pumps for the water because there's so much seepage. It's unbelievably expensive to build. There's no need for cut through Jackson. We already have Washington and Broadway. The worst hypocrisy is that the study says connect the land to the water. This is the worst, despicable display of dishonesty that I've ever seen here.

How can you sit here and say that you want to connect the bay. You want to build an 84-foot tower. It is disgraceful. This is the worst real estate deal I have ever come across. I come from New York with the biggest developers. The architect is a well-known architect but this is the worst. We cannot allow this to go through. Do not okay this. Don't contradict what the neighbors wanted. You are dealing against their wishes. There's no setback, as Golden Gateway was planned with a setback a block from the Embarcadero. Here, you want to put it right on top of the sidewalk. The whole thing is so flawed that it has no merit whatsoever. District three is the most underserved district for open space.

Veronica Sanchez, on behalf of the Master, Mates and Pilots and the Inland Boatmen's Union of the Pacific - For the last several years, we have also been participating in the community planning process and repeatedly provided our input that we are supportive of the 8 Washington Street project because it is a lynchpin for the expansion project of the downtown ferry terminal for adding additional docks. Those public parking spaces are needed as replacement parking before additional docks can be built next to the ferry building. That project is funded. It's undergoing the planning process right now but it will hit a wall if we don't continue to move this project along. This project is very important for the financial viability of the port. This is something that maritime unions are very strong advocates for. The port has a lot of obligations to maintain the infrastructure, not only for maritime industries but also certainly for the beautiful recreational areas that is has built in the last several years. It's amazing to see the revenue projections that will be derived from this project. I've been on this waterfront for 22 years, even prior to the earthquake. I can tell you, these opportunities don't come around all the time. This is an exceptional project in terms of public benefits. We thank you, and we urge you to approve the financial terms and move this forward.

Gabriel Metcalf from SPUR - It is really rare that a project actually gets completed on the waterfront. Most of them get killed before they can actually be finished. This is one of the best projects that is going to come along. Its urban design impacts on the public realm are going to be a huge improvement. It's going to be really good for the Embarcadero. The matter at hand today, the term sheet, it's very advantageous. At this point, the port staff have looked at enough of these deals that you have a great staff that is really competent. I would urge that you move forward with the term sheet,

supporting the outlines of an agreement that works for the developer, works for your staff. I understand that, if your view is blocked, you would be unhappy. But this project, on the whole, for the public, is highly beneficial.

Jim Chapel - I have addressed you at previous hearings about why you should prioritize taking all the necessary steps to authorize construction of this project. The site is very under utilized. It is an urban design disaster in its present form. The planning department has conducted an exemplary public planning process that concluded that a design such as this is the appropriate development of the site. The good design has only gotten better. There is a tremendous long-term shortage of housing in San Francisco. The port is in serious need of the revenues that this project will generate. What I'd like to do is to address the people in this room, who are afraid that they are going to lose their health club. You are not. Yes, there will be a downtime during construction but that is only temporary. During that time, I invite you to walk just three blocks to the Embarcadero YMCA where I am a member. The extra walk will be good exercise. Membership is much cheaper. As a swimmer there, I can tell you, you can shoot a cannon through that pool and not hit anyone. It is a great club. Now, I know that the common fear is that existing club members won't, for some reason, be welcomed at the rebuild club. I have no connection with the club but I can say with complete confidence that that is not true. You only have to look at every other health club in the city that is housed in a condominium project. There is no way that the residents of this new condominium will, in any way, fill up club membership. The club owners and managers will be aggressively trying to keep their existing members. What I am suggesting is relax. You're not going to lose your club. You will have a new, better club to enjoy for many decades to come. I ask you, commissioners, to proceed with this project as your staff has recommended and endorse the term sheet.

Tim Colen, San Francisco Housing Action Coalition - It is our mission that San Francisco become a pro-housing city. We've supported the 8 Washington project in its various incarnations for the last, almost three years. What we see here is that this is fundamentally a land-use question. What is the best use to San Francisco of seawall lot 351? To date, we're not aware of any other proposed alternatives for this land. When the RFP went out a couple of years ago, there were two respondents. One was the 8 Washington project and then a hotel group, which promptly withdrew its proposal, which says something about other uses. We think that it would be good to put this land-use question into perspective. When the Golden Gateway was built in the early '60s, this land was already in intensive use. It was densely occupied. We should be clear that residents and businesses were displaced in order to accommodate the construction of the Golden Gateway, which was, itself, a conversation in San Francisco about the best use of this land. Does anyone think that this land was sand dunes before the Golden Gateway was built? By contrast, the 8 Washington project displaces no one. What it offers instead is opening up Jackson Street, much more public open space. Unfortunately, something that hasn't been mentioned is construction of subsidized, below-

market-rate housing for families that would not otherwise be able to stay in San Francisco. So what we're left with is a conversation that's going to need to take place in this crazy town. Should the city support a mixed-use development at this location or preserve a surface parking lot? Does San Francisco more highly value 33 below-market-rate, subsidized, affordable housing units or five private tennis courts? We haven't heard this conversation take place yet. We should remember that seawall lot 351 belongs to all the people of San Francisco and not to one neighborhood. It's fair to ask, as a San Franciscan, that the ultimate use of this valuable land be the highest use to the most number of San Franciscans. That's a conversation that happened with the construction of Golden Gateway. What is the best use of this land for all of San Francisco? Choosing to protect a surface parking lot to accommodate folks who, very ironically, cannot accept any change on the San Francisco waterfront compared with the benefits offered by this project that you've seen would be a catastrophic civic choice.

Rick Bonilla, Carpenter's Union Local 22, San Francisco - I stand before you this afternoon as a person who was born here in San Francisco in 1953. I've worked here all my life as a carpenter. I represent proudly the members of the Carpenter's Union Local 22. I'm not even going to try to reiterate any of the things that have been spoken so eloquently in support of this project before me this afternoon. We, the carpenters who build the places where we live, work and play here in San Francisco, like the other members of all the building trades, have endured long and deep unemployment. We care about what we build here. We are trained and skilled professionals. We think this project is deserving of construction. So we would ask that you please support and endorse the term sheet, which is before you tonight and also that you please take every step possible to move this project along to construction, so we can go to work.

Fred Allardyce, representing a group known as Recreation Open Space for Our Waterfront - I'd like to step back in time to the 1960s when the San Francisco Redevelopment Agency took responsibility for everything north of Market Street all the way to Broadway, bulldozed it all, eminent domain, took away all the property rights, reduced this area from its original history, as a founding part of San Francisco, a residential and office neighborhood, and then rebuilt it with the celebrated Golden Gateway Center, the Embarcadero Center and the Golden Gateway Commons. Today, it's a neighborhood that celebrates a pedestrian benefit. When this plan was approved and won many national and international awards. When it was approved, they closed off Davis Street to Washington. They closed off Front Street. They closed off Pacific Ave, and they closed off Jackson. This was all to allow the neighborhood to work pedestrianly. Today, that's celebrated. You cannot ride a bike through Sidney Walton Park. You can't roller-skate through there. All these things make it a neighborhood that is celebrated because of its closeness and not being torn apart. The neighborhood has 1,200 rental apartments and over 200 condominiums with over 2,500 fulltime residents that live and vote and pay taxes here. They're about to lose, if this plan is

approved and can go ahead, their swim and tennis club. This is a charade to say the club is coming back. The club today has nine tennis courts and over 50,000 square feet of space. The new club will have four tennis courts and half that space. Anybody with a logical mind, if they're going to buy a condominium here, knows they're going to go downstairs and get the first court that's open. The courts will be cut in half. So the neighborhood is going to lose their club. Every single person in this room and the whole neighborhood knows that club is going away. It will never, ever be used by the neighborhood that's been using it for 40 years, which looks at it as their church, as their recreational center and is something very important to their lifestyle. If any of you went to your local park today and said, "Let's build eight-story condominiums at your park," you'd go crazy. Well, that's what's going on in our neighborhood. By opening up Jackson Street and Pacific Avenue for the benefit of this developer to allow people to go across the street to his retail and shops on Piers 1½, 3, and 5 is a crime.

We have over 95 percent that have voted, in the neighborhood, to stop that from happening. You'll find that out. They will win at this when it gets to the supervisors. That basically takes Pacific Avenue, opens up and puts a restaurant at the end of it that allows the public to park in their streets and go down and play there till 1:00, 2:00 or 3:00 in the morning. They're adamantly against that. The residents of 77, 33 Front, 170 Pacific, 640 Davis and 550 Davis.. All of those are adamantly opposed to that destroying the neighborhood. Regarding condominiums for sale, the Mark company is a great company. They're in bed with Simon, and they're going to be the brokers if this project ever gets built. That's a falsehood to say we're undersupplied. I worked with Sotheby's International Real Estate. There's over 3,000 condominiums that are under water today and cannot be sold because there's too much debt on them. There's lot of inventory that's coming our way.

Nan McGuire - I live in the extended neighborhood. I live at the corner of Jones and Union, which is on the cusp of Russian Hill and the down slope of North Beach. I've lived in the city for 30 years. I've been a member here for 10 years. I think, to talk about the neighborhood in the narrow vision of the gentleman from the Housing Coalition, is a mistake. I also think it's a mistake to think about the people coming in to be able to utilize this neighborhood as part of the broader public in San Francisco. I have no way to prove it but I suspect and I'm often right that at least half of the people who will buy condominiums in that development will be from Marin, Sonoma. They can afford it with Bush's tax cuts. They're probably going to be extended. Those are the people that are going to buy those condominiums and are going to live there. The people who are going to suffer are people who are middle class, lower middle class living in rent-controlled condominiums, living in the extended neighborhood. Just one last word on the study that has been done up to date and is part of the lawsuit. We hoped that the planning department would do a decent study. Well, we all know they didn't but that's because the deck has been stacked since the very beginning. I mean, I ask myself every

time I come to one of these hearings, why am I wasting my time? Because the people sitting up here and the people sitting on the planning commission, at the direction of our dear mayor, who I hope becomes lieutenant governor and leaves us sooner than he will ordinarily. It's a done deal. I'm sorry but I think it might not be a done deal at the board of supervisors.

Irene Glasgold - I would like to refresh everybody on a project called the Watermark. The Watermark was another trade. You know, 351 is in trust for the people of San Francisco. The Watermark was also such a project. Trust land was exchanged so that the Watermark could be built but the Watermark was going to give San Francisco, again, something very prized, which would be a cruise boat terminal. Now, I walk down the Embarcadero every day from my house and Golden Gate apartments all the way down to the ballpark. The Watermark happens to be one of the ugliest buildings I have ever seen. Now, that was approved with that dreadful, dreadful terrace, which has that wet concrete. They didn't even put up high enough trees to hide it. I keep looking for that cruise terminal, and it doesn't exist. Where is the developer? The developer is in Australia. Nothing has been done. Now, we're going to get a cruise terminal at Pier 27 but it's not going to be paid for by the developer of the Watermark. I would be very careful about this parking lot, which the Port Commission wants so terribly. The parking garage is a very expensive affair. It is unpatriotic. The San Franciscan government is trying to keep cars out of San Francisco and encourage people to use public transportation. The federal government is very big on keeping pollution down. Before you decide anything, it would be very important to know about the feasibility of this parking garage and to remember what happened with Watermark.

Louise Renne - I'm a resident of the Golden Gateway Commons. I had not intended to speak today but listening to some of the remarks, I do feel compelled to do so, particularly those remarks, which probably didn't mean to but tended to trivialize what the neighbors are saying. This is not just about a health club. In fact, to me, it isn't about a health club at all. I think some of the points that have been made are quite substantive. For example, Mr. Ryan mentioned violation of the public trust doctrine. Unless the plans have changed since I last saw them, I have to agree. I think we've got a violation of the public trust doctrine. Secondly, I have heard no discussion yet as to the cumulative impact of this project, given its size, upon the neighborhoods or even the Embarcadero itself to ensure what we all want for the waterfront. That is a space in place to be enjoyed by many. This project is just too big. Particularly, when combined with other projects that have already been approved or are being seriously contemplated. Third, I would have to say that the criticisms that have been made that these financial projections may indeed prove to be illusory and may indeed be as much as pie in the sky and are not really substantiated, I think are serious considerations, particularly given the background of some projects in the past that have been approved with grandiose promises that haven't been kept. I think some of these concerns are not trivial but serious and, for the neighbors, are quite serious.

Jane Connors, senior property manager of the ferry building - I'm so used to being in this room when I'm talking to my merchants and tenants. On that note, I am talking on their behalf, making comments about this project. Regarding seawall lot 351, we are not in favor not against the development until we understood fully the parking considerations and how the 8 Washington project will affect the ferry building parking needs. We believe that the interim and long-term parking for the waterfront retail needs to be addressed in order to sustain the economic viability of the mid-Embarcadero area. If the project is developed, where will ferry building shoppers park for three years? Parking is already inadequate at the ferry building. The viable parking solutions now offered by the port, if seawall lot 351 went away, are taken up by monthly subscribers and are only available to ferry building shoppers on Saturdays and Sundays. That leaves the ferry building without parking resources Monday through Friday. Seawall lot 351 will be the second parking lot, taken away from the most prominent landmark on the waterfront area. We ask that the commissions and BCDC to truly anticipate the long and short-term impacts that this project could have on the parking needs of the ferry building merchants, farmers and businesses.

Andrew Cunnie -I am a resident of San Francisco and a condo owner in San Francisco. I've lived here for four years. I'm here today to let you know that I support this development and wanted to congratulate the developer and the architect on the work that they have done. There have been a lot of benefits that you've heard about today, including the way that this development will activate the area along the bay shore, improve the open design of the area and also increase the density of the city which will improve the overall sustainability of the area. We've also heard, which I think is very important, that this development is in line with the Northeast Embarcadero study, which is also very important. I want to bring a little bit of perspective. When I was a university student in Sydney, there was another sort of waterfront development going on there, which was called, euphemistically, the toaster. It was a luxury apartment building set between the Sydney opera house and the downtown area of Sydney. As a university student, I certainly did not agree with that development. Had I been given the opportunity to get up and talk to people, I probably would have said, "Don't do it." The result of that development, however, was a significantly improved and activated waterfront in the area at Sydney Harbor between the central business district and the opera house. I would say now that that development significantly improved the city.

Although most people at the time in the city were probably against the development, most people nowadays would say that the city is significantly improved because of it. I think, when we look at the site as it is now, unless you have a vested interest in the facilities that exist, there is fairly easy to have consensus that what exists now is not a long-term solution for the site. What you have in front of you is a fantastic opportunity to develop the site with a mixed-use development that has some fantastic urban design principles intertwined with it. A developer that's ready to stump up the case,

and do it right now. You could say no. My question would be, if we said no, what are we actually expecting to get from this site if we do not want to keep it the way it is? Are we expecting a museum? Are we expecting some fantastic park land? None of this is in the Northeast Embarcadero study. None of this is what's proposed by the city for the site. What you have in front of you is in accordance with the northeast Embarcadero study. It's in accordance with the zoning of the city. It's also a fantastic urban design project. For those reasons, I encourage you to accept and move forward with the project.

Manny Flores - I represent the Carpenter's Union Local 22. I have to tip my hat to Mr. Simon Snellgrove and staff for coming forward and putting this thing together. I mean, he's no stranger to the Embarcadero. I think he knows what the community wants, what the area wants, what the city wants. I think it's a win-win situation but the question I pose to you is you have this group that they don't want this project. They don't want to see it go forward. So my question, what is the alternative? Then what? What do we get? We get nothing. Nobody wins. This is solid. This is good. We've got to move forward. We can't stall. Let's get rocking. Let's get moving. This is a win-win for the City and County of San Francisco to bring the waterfront back, to bring the Embarcadero back, to bring the City and County of San Francisco. Let's get going. I encourage you to move forward and approve this.

Joel Coppell, San Francisco Electrical Construction Industry, coming tonight speaking in favor of the acceptance of the term sheet for this project. Labor and management together are jointly voicing their support for the project. We think is the best way to utilize this proposed piece of land for the project at hand. From projects of the past, I can say that San Francisco Waterfront Partners are nothing but a responsible developer. We would like to see the project approved.

Toby Levine - I'm a member of the Northeast Waterfront Advisory Group but I'm here just to speak for myself personally. I've reviewed the proposed plans. I do believe they are exceptional. I think that, once it's all built, we will be very happy to have it there just as we are to have the ballpark there. What you're faced with and I always like to look at things from your perspective is you have these conflicts. You have the need for union jobs, and you have the need to serve the port and the neighborhood and the residents of San Francisco. Sometimes, these matters are in conflict with one another. In the end, what you have to come up with is what you feel, for everyone, is the greater good. For those persons who may be disappointed, or they may have a legitimate gripe, then you have to find ways to either bring them in or to address the problem that they have arisen or given. So from my perspective, this project is the right one for this particular spot. We cannot continue having the great green wall. The great green wall is just the Emperor with No Clothes. We've got to have a change. You need to step forward and help make this change. You have a good project. Just take it and support it. Sign the term sheet.

Steve Rodriguez - I'm not a resident of San Francisco. I'm from the State of Washington. I want to commend the City of San Francisco. I'm on a commitment to walk 1,000 miles across America, not across America but within the cities of America. This is one of my last. I've only got two more to go, Sacramento and Portland. I left Seattle. I went to Boston and the northeast corridor, Philadelphia, New York, Washington D.C. The commendation that I'm giving to the City of San Francisco is I'm not pro, and I'm not con of what you're looking at for the future here today because I love the history, the heritage and the diversity that San Franciscans have accomplished here at this very world-class, world-renowned icon, the terminal building, the ferry building. Not just that, I just went down Montgomery Street, the heritage, the history amongst the new building, the Transamerica building. The outside eyes that I have to share for these people today who are debating the future is that we need progress. You needed it back in the Great Depression. You needed the Golden Gate Bridge and the Oakland Bay Bridge. We needed Henry J. Kaiser and Rosie the Riveter. The war changed our lives. The quality of our lives today in San Francisco is because you've retained what many cities have not. You've kept, and you build upon your foundation. Your forefathers, you haven't forgotten them. Even the ships buried underneath the sidewalks are still identified. I can see that as an outsider. I would like to commend the people in the audience for speaking for it and against it. The challenges that you have to face are incredible. We do have people, entrepreneurs and developers that make a difference. They deserve some level of credibility and credit for the accomplishments. Our people here in San Francisco over the past have made a difference. Those in the audience today are making a difference. I have the outsider's eyes. Without stepping up to this microphone, perhaps you wouldn't have seen the level of appreciation that you should recognize for yourselves. And that's everyone here.

Paul Izelle - I live in the neighborhood, have been here for the past 20 years. I've run several businesses in San Francisco, employed hundreds of San Francisco workers. I'm now retired, have time to think about some of the matters we've been talking about. For a long time, I've had a problem about land use in the area we've been talking about. I have thought that the way it's been has served more people than the way it's planned to be. I'm not an advocate for saying that what has always been always has to be but I don't see, in this plan, a plan that serves more San Franciscans than what it there now. I think we all have to study the new configuration of this project. It looks like it is opening up more public space. What really matters though is how that space is used and who it's for. I urge you, the commission, to take that under consideration very carefully. Something else I heard today that concerned me, which had to do with garage space. It's my impression that if you consider all the Embarcadero and maritime building parking spaces, we actually have a surplus of space here. The problem is really signage and traffic flow and allowing this space to be used by other people. So I would ask you to consider that and verify whether or not that's true. I would also as you

to not be too opportunistic about this project. I went to some of the workshops here over the past several months. When I ask somebody from the port why this project couldn't be somewhere else, and they said, well, this is the only one that there's any money behind and any planning. It's a bird in the hand. That's probably true. I urge you not to be too opportunistic about this. There have been a lot of studies in the northeast waterfront by parties other than yourselves that have considered plans that you haven't considered. I urge you to look at those and to consider that waterfront as a whole. It's very possible that you'll get much more revenue out of the comprehensive plan than you will out of this bird in the hand. Thank you very much.

Roger Wong - I'm a resident of San Francisco for over 35 years. I am also an architect practicing here in the city along the waterfront. I've done work here for over 12 years. So I'm commenting as a resident and also as a design professional. I really have to applaud the architect of this project. What I've seen so far on the concept design, it's based on very strong fundamental concepts. The pedestrian connections through Jackson is quite the right thing to do. We could have had a greedy developer build over that. Instead, they did the right thing opening up the pedestrian connections. It really addresses the mixed uses that support the public realm. Embarcadero is one of those realms that we're talking about, which is very unique. It's really for the entire San Francisco. I'm looking at the bigger picture, which is beyond the neighborhood of the Golden Gate Commons. It's beyond the neighborhood that's connecting to Chinatown. It's for the rest of the city. I work here. My wife works in Mission Bay. We're very familiar with the waterfront. We see this as a resource for all of San Francisco. The massing of the building is very appropriate based on the adjacent buildings. I also applaud the conceptual design approach to the building. I love the more modern direction that it's taking. I believe the contrast; the historic is great. It's sort of a yin and a yang. It really does highlight the historic architecture that we have around here. I'm supporting the general concept direction for the project.

Commissioner Kimberly Brandon - I just want to know your thoughts on the financial projections, the staff's projections versus the developers? Are we being conservative?

Jonathan Stern - I think we are being relatively conservative. The $10 million that I was talking about as the net present value of the transaction is roughly split up between up-front, guaranteed payments and then long term either lease payments or these covenants that we're asking and the developers agree to put on residential and commercial condominiums going forward. I admit, personally, I was relatively conservative in projecting those revenues because it's a relatively complex calculation of how many sales there will be a year, how fast the appreciation will be on those condominiums, etc. I think, the primary difference between the numbers that I showed at $10.1 million and the numbers they showed at 11 point something. We think one of the promises of this project is that it has a number of revenue sources for the port and long-term revenue sources that's good but it's untested. This kind of

covenant coming back to the port is something that public agencies are looking at now for public-private partnerships on public land. We don't have a long track record to say that this is going to function perfectly.

Kimberly Brandon – What about the port versus city revenues?

Jonathan Stern - There are a number of details both from the physical and from the financial structure that are not done. They're not completed at this point. Right now, what we have is a bilateral transaction. We have a term sheet between the port and the developer. What will ultimately happen is going to be a much more complex transaction because, as rightfully pointed out, the port land only represents about 20 percent of the 8 Washington site. There are a number of the structures contemplated in this term sheet where it needs the city approval. That is why it makes sense particularly for this deal that the next step would be an endorsement from the board of supervisors.

Rodney Fong - Thank you for asking those technical questions, Commissioner Brandon. I don't have any other questions but just some overall comment. I thank everyone for their comments and support and opposition. I do have a little personal experience doing sub training construction along the waterfront. It is muddy, messy, but it can be done. The square footage that you're able to obtain by doing that can happen physically. I also want to mention something that's more of a personal note but a strange coincidence. I am a member of the Bay Club down the street by Levi's Plaza. Their swimming pool went under construction recently. So they closed their pool. They redirected all of their members to the Golden Gate Tennis and Swim Club. I have had the pleasure of, the last four weeks, swimming there. It's unfortunate Mr. Radner has left because I'm following him to try to stay in the shape that he's in now. Swimming there is great. Probably what's nicer is sitting in the nice lounge chairs in the sun. It is absolutely a garden spot. I don't know what it is but that side of the city or the much larger buildings that protect the wind there, really make it a sweet spot. I sit there though. I am embarrassed that I'm a member, and I can't share that with my friends. I can't even share that with my kids because I don't have a family membership. It's an individual membership. Thinking about the greater good of San Francisco and the greater good of the waterfront, it'd be great to open that space up to public space, to park space and really let some other people enjoy this great geographical spot we have here. With that, I am in support of approving the term sheet today. We do have a motion and a second. I want to clarify the port's position on something before I call for the question, and that is reading from this, the Commission acknowledges that there will be changes to this project and revisions to the project that are typical in the CEQA and public review processes. We reiterate that this term sheet is intended only to set forth the fundamental terms of this proposed project in keeping with the Port Commission's standard practices for development projects, we will revisit the project when the Port Commission considers approval of the project following completion of the CEQA review.

ACTION: Commissioner Lazarus moved approval of resolution as amended; Commissioner Brandon seconded the motion. All of the Commissioners were in favor. Resolution No. 10-66 was adopted.

11. MARITIME

A. Request approval of five year landing rights license agreement with San Francisco Water Taxi LLC for water taxi services to Hyde Street Harbor and Pier 1½. (Resolution No. 10-65)

THIS ITEM HAS BEEN TAKEN OFF THE CALENDAR AND DEFERRED TO THE OCTOBER 12, 2010 MEETING.

12. REAL ESTATE

A. Informational presentation regarding the Port of San Francisco's Proposed 2010 Retail Leasing Policy.

Brad Benson, Special Projects Manager acknowledged that this has been a group effort - the port's leasing manager, Jeff Bauer, Mark Lozovoy, assistant deputy director of real estate, Susan Reynolds, deputy director of real estate, Monique Moyer and others have all contributed to the development of this proposed policy. The Port had a retailing leasing policy approved by the Port Commission in 1993. It's been a fairly successful policy. Generally speaking, that policy requires competitive bidding for new retail opportunities to provide new market entrants a chance to do business on the waterfront including local business enterprises but balances the need of the Port to keep tenants who are performing well, who've built a good, successful business on the waterfront and are willing to make additional investments in the waterfront.

Most of the policy discussion today is meant as a refinement of that existing successful policy. The Port Commission adopted the existing policy by resolution 93-52 in 1993. Recently, the Port Commission has adopted two lease renewal extensions pursuant to the policy. Lou's Pier 47 in Fisherman's Wharf is lease term of 15 years with a five-year option. The tenant invested $750,000 in port property. The base rent increased 100 percent under that deal compared to the prior base rent paid by the tenant. Java House LLC was a 15-year deal with a $350,000 investment by the tenant and a 200 percent base rent increase. We've had good success in keeping existing tenants in place with better terms for the Port.

We're citing specifically the section of administrative code that applies to competitive bidding of lease opportunities. The Board of Supervisors adopted San Francisco administrative code section 2.6-1. The policy describes the way in which the Port staff will competitively bid new retail opportunities, which includes broad public notice, inclusion of LBE businesses through the auspices of the human rights commission.

The bidding could be either requests for proposals or a request for qualifications depending on the site. We've had experiences recently where Port's existing tenants, who are not retail tenants, have wanted to open a retail component of their business. We certainly understand that existing port tenants may have the business acumen to be successful in that venture. However, since most of those tenants arrived at Port property without competitive bidding, allowing them to open up a retail opportunity would conflict with city policy. We're recommending that, if an existing, non-retail Port tenant wants to open a retail opportunity, that there first be a sole source exception approved by the Port Commission.

We'd evaluate renewal requests on a case-by-case basis, again balancing the need for competitive bidding so that there can be new market entrants and also trying to keep successful businesses on port property. We'd look at the proposed improvements in the capital investment by the Port's tenant.

Generally speaking, we'd want and are looking for investment in the core and shell of the facility, utilities serving the facility, ADA improvements, other publicly-oriented amenities that increase the value of Port property as opposed to purely tenant improvements that benefit the tenant's business. The Port may have future plans for the subject site that mean that continuing with a current tenant for a lease extension doesn't make sense. Maybe there's a Port development project proposed for the site. Obviously, we'd look at the tenant's history. Have they been in compliance with their lease? Are they a tenant in good standing? We'd be looking for uses consistent with the Waterfront Land Use Plan, BCDC requirements and the other regulatory overlay. We would consider or recommend renewals under the following circumstances: for short-term extensions, three to five years during a recession or when we know we're in a commercial real estate downturn. Then, it would be our recommendation that we keep a tenant who is paying rent rather than trying to go to an uncertain competitive bid process.

For a term, which is the greater of 10 years or the time required to amortize proposed improvements when the tenant is in good standing, they supply a sound business plan with audited financials and tax returns for the last several years and detail about their proposed capital improvements. That the tenant has a revenue history over the past three years that is better than average for like Port tenants. We do a revenue analysis based on the size of their business, their location of the waterfront and really try and retain those tenants who are high performers.

Then, lastly, if we perform a request for interest, which is sort of an informal testing of the marketplace, and receive no expressions of interest, then we would propose that we have the option to extend the term of an existing tenant in place for five years. The example there may be that they're not able to make a substantial investment in Port property, but we would want to keep that revenue stream going at that location. We'd recommend a few findings by

the Port Commission. We commonly ask that the Commission make a finding that it's impractical to bid a lease.

This is the exception that the administrative code section that I mentioned earlier allows. The board of supervisors and the budge analysts will recognize that it's impractical to bid a lease when you can demonstrate that. Then, also, the capital improvements that they're making to public property serve a public purpose. Those findings together justify not performing the bid process. Then, we would bring all of the leases up to standard boiler plate lease terms. The boiler plate lease is approved by the Port Commission that includes revised insurance requirements, appropriate participation rent for the port on an ongoing basis and also if there's a sale or refinancing.

Commissioner Rodney Fong asked if staff is planning on any kind of informational session to existing tenants about the policy change.

Brad Benson replied that we could bring this to the Port's advisory committees. We're not sure that all of them have an overriding interest in retail leasing. FishWAG, NEWAG or the South Beach area where those are the homes to the proponents of our retail activities, we could certainly bring it to those advisory groups.

Paul Osmundson, director of development for San Francisco Waterfront Partners but not here in that capacity but as a former member of the staff. Those are common sense changes to that policy. He was on the staff when it was adopted back in 1993. He's observed it and the problems that it's created. It's a difficult situation. He believes that the recommendations that the staff has come up with will make it easier for the Port's long-time businesses to stay and have a clearer path forward to know that the Port has a statement of "we like you." We're going to directly negotiate with you as long as you meet those conditions. Those are good changes to see.

13. NEW BUSINESS

14. PUBLIC COMMENT

15. ADJOURNMENT

ACTION: Commissioner Lazarus moved approval to adjourn the meeting; Commissioner Brandon seconded the motion. All of the Commissioners were in favor.

Commission President Rodney Fong adjourned the meeting at 5:37 p.m.

SAN FRANCISCO PORT COMMISSION

Rodney Fong, President
Kimberly Brandon, Vice President
Ann Lazarus, Commissioner

Monique Moyer, Executive Director
Phone: 415-274-0400; Fax: 415-274-0412

Amy Quesada, Commission Secretary
Phone: 415-274-0406; Fax: 415-274-0412

AGENDA
TUESDAY, OCTOBER 12, 2010
2:30 P.M. CLOSED SESSION
3:15 P.M. OPEN SESSION
PORT COMMISSION HEARING ROOM, SECOND FLOOR
FERRY BUILDING, SAN FRANCISCO, CA 94111

-110

PLEASE NOTE THE TIME OF THE MEETING

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk.

If any materials related to an item on this agenda have been distributed to the Port Commission after distribution of the agenda packet, those materials are available for public inspection at the Port Commission Secretary's office located at Pier 1 during normal office hours.

1. **CALL TO ORDER / ROLL CALL**

2. **APPROVAL OF MINUTES** - September 28, 2010

3. **PUBLIC COMMENT ON EXECUTIVE SESSION**

4. **EXECUTIVE SESSION**

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A. Vote on whether to hold closed session.

An Executive Session has been calendared to discuss the following matters:

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTER (Discussion and Action)

(a) Discuss Anticipated Litigation matter pursuant to Section 54956.9(c) of the California Government Code and Section 67.10(d) of the City and County of San Francisco Administrative Code.

___ as Defendant _X_ as Plaintiff

Proposed Action: Approve a settlement agreement with Ferry Plaza Limited Partnership (FPLP), requiring the following: (1) FPLP to pay to the City and County of San Francisco $46,230 for past parking; (2) the Port and FPLP shall release any and all claims against each other arising from the parking.

5. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

6. ANNOUNCEMENTS

A. **Announcement of Prohibition of Sound Producing Devices During the Meeting**

Please be advised that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

B. **Announcement of Time Allotment For Public Comments**

Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

7. EXECUTIVE

A. Executive Director's Report
- Status Report on Fleet Week – October 7 to 11, 2010
- Commendation to Paul Thayer, Executive Officer of the State Lands Commission, on the occasion of his retirement

8. CONSENT

A. Request retroactive authorization to enter into an agreement with the United States Department of the Army, Corps of Engineers, for design and construction assistance for the removal of Pier 36, in support of the Brannan Street Wharf open space project. (Resolution No. 10-68)

9. MARITIME

A. Request approval of five year landing rights license agreement with San Francisco Water Taxi LLC for water taxi services to Hyde Street Harbor and Pier 1½. (Resolution No. 10-65)

10. PLANNING AND DEVELOPMENT

A. Informational Presentation regarding joint planning with the Water Emergency Transportation Authority for the Downtown Ferry Terminal Expansion.

B. Request authorization to award a Grant to Literacy for Environmental Justice, for Environmental Education Programs at Heron's Head Park and India Basin Open Space in an amount not to exceed $415,000. (Resolution No. 10-69)

11. NEW BUSINESS

12. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

13. ADJOURNMENT

FORWARD CALENDAR (Targeted Commission meeting, subject to change)

- Request authorization to advertise for competitive bids for Construction Contract No. 2727, Pier 43 Bay Trail Link (October 26, 2010)
- Request approval of the Cooperative Agreement between the San Francisco Bay Area Rapid Transit District and the City and County of San Francisco, through the Port of San Francisco (October 26, 2010)
- Request authorization to initiate public review and comment on the proposed 2010 Port Building Code which incorporates the new 2010 California Building Code requirements and Port amendments (October 26, 2010)
- Request Port Commission to direct staff to further develop a preferred concept plan for the James R. Herman Cruise Terminal at Pier 27, located along the Embarcadero at Lombard Street (October 26, 2010)
- Request Rescission of First Amendment to Lease No. L-12090 with Darling International, Inc., for premises located at Seawall Lot 344 and Pier 92 and Approval of Modified First Amendment to Lease No. L-12090 to expand the permitted uses to include construction and operation of a biodiesel production facility in compliance with a Port-approved operations plan and adopting California Environmental Quality Act findings. (October 26, 2010)
- Request authorization to accept and expend $15,200 in grant funding from the California Department of Boating and Waterways Abandoned Watercraft Abatement Fund for removal and demolition of abandoned recreational watercraft on the Port waterfront (October 26, 2010)
- Request authorization to award Contract No. 2741, Marine Structural Projects III, which includes the Pier 35 Superstructure Repair, Pier 33 Marginal Wharf Substructure Beam Repair, and the Pier 50 Valley Substructure Repair (December 14, 2010)
- Informational presentation on Response to Pier 70 Waterfront Site Request for Qualifications (Date to be determined)
- Informational presentation of design standards addressing circulation, access and adjacent tenant improvements for The Embarcadero Promenade which is the Bay side multi-use pathway along The Embarcadero Roadway, extending from Pier 35 to China Basin (Date to be determined)
- Request approval of the Port of San Francisco's Proposed 2010 Retail Leasing Policy (Date to be determined)
- Request approval to apply to the Foreign Trade Zone Board, on behalf of Valero Energy Corporation, to establish a Foreign Trade Zone Subzone at Valero's Benicia, CA petroleum refinery. (Date to be Determined)
- Request approval of new form License (Landing Rights Agreement) including new rate structure and fees, authorize the Executive Director to enter into the form License with ferry and excursion operators and authorize the Executive Director to make additions, amendments or other modifications to the form License (Date to be determined)
- Request authorization to award Construction Contract No. 2732, Mission Bay Shoreline Protection for Bayfront Park Project (Date to be determined)
- Request approval of Lease No. L-14814 with Andre-Boudin Bakeries, Inc., a California Corporation, for a seven-year restaurant lease for premises located at 2890 Taylor Street (Date to be determined)

- Request approval of the Port's Interim Leasing Policy for Historic Structures. (Date to be determined)
- Request approval of a one-year interim license agreement, and approval to seek Board of Supervisor approval of a 66-year lease/easement agreement and a 66-year right to use permit/agreement, between the Port and Peninsula Corridor Joint Powers Board, for use of property located along Seventh Street in the Mission Bay Redevelopment Area to support existing passenger rail uses for public purposes (Date to be determined)
- Request authorization to enter into a Memorandum of Understanding with the San Francisco Municipal Transportation Agency for the Port of San Francisco to relinquish its rights to cargo freight rail service north of Cesar Chavez along Illinois Street (Date to be determined)

COMMUNICATIONS TO THE PORT COMMISSION FROM SEPTEMBER 24, 2010 TO OCTOBER 7, 2010

- From Eric Staten, regarding 8 Washington Project
- From Alexandra Patterson, regarding 8 Washington Project
- From the Potrero Boosters Neighborhood Association, copy of the Potrero Community Voice Newsletter
- From Sue Hestor, Attorney At Law, regarding Term Sheet for Seawall Lot 351
- From Susan Brandt-Hawley of Brandt-Hawley Law Group, regarding Term Sheet for Seawall Lot 351 as part of 8 Washington Project
- From Elizabeth Ranieri, FAIA, regarding 8 Washington Project
- From Anne Fougeron, FAIA, regarding 8 Washington Project
- From Lee Radner, written testimony for the September 28, 2010 Port Commission meeting regarding 8 Washington Project
- From Susanna See, P.E. and Executive Vice President of WSP- Flack+Kurtz, regarding 8 Washington Project
- From Dick Stewart, Neighbors to Preserve the Waterfront and Lee Radner, Friends of the Golden Gateway, regarding Term Sheet for Seawall Lot 351
- From Lee Radner, copy of the FOGG brochure, letters from Diane Feinstein both as Mayor and U.S. Senator and a letter from Robert Rumsey to Edward Helfeld, regarding 8 Washington

OCTOBER/NOVEMBER/DECEMBER 2010
CALENDAR OF UPCOMING PORT MEETINGS – OPEN TO THE PUBLIC

DATE	TIME	GROUP	LOCATION
October 26	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
November 9	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
December 14	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building

NOTES:

The San Francisco Port Commission meets regularly on the second and fourth Tuesday of the month at 3:15 p.m., unless otherwise noticed. The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com. Contact Amy Quesada at 274-0406. The Port Commission meetings can be viewed online at http://sanfrancisco.granicus.com/ViewPublisher.php?view_id=92. The Port Commission meetings are also broadcasted on the 2nd & 4th Thursday of the month at 9 p.m. on Comcast Cable Channel 26 or Astound Cable Channel 78 (formerly RCN Cable).

The Fisherman's Wharf Waterfront Advisory Group (FWWAG) meets regularly on a bi-monthly basis, on the third Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Michael Nerney @ 274-0416 or michael.nerney@sfport.com

Starting January 21, 2010, the Maritime Commerce Advisory Committee (MCAC) will meet every other month, on the third Thursday of the month, from 11:30 a.m. to 1:00 p.m. @ Pier 1. Contact Jim Maloney @ 274-0519 or jim.maloney@sfport.com

The Mission Bay Citizens Advisory Committee meets on the 2nd Thursday of the month at 5:00 p.m. at 1700 Owens Street, 2nd Floor. Parking validation is available. Contact Catherine Reilly, San Francisco Redevelopment Agency, at catherine.reilly@sfgov.org.

The Northeast Waterfront Advisory Group (NEWAG) meets regularly on a bi-monthly basis on the first Wednesday of the month from 5:00 p.m. to 7:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jonathan Stern @ 274-0545 or jonathan.stern@sfport.com

The Central Waterfront Advisory Group (CWAG) meets monthly on an as-needed basis, generally on the third Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or mark.paez@sfport.com

The Rincon Point-South Beach Citizens Advisory Committee meets on a quarterly basis, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine.Reilly/REDEV/SFGOV@SFGOV

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david.beaupre@sfport.com

The Waterfront Design Advisory Committee (WDAC) meets jointly with the Design Review Board of the Bay Conservation and Development Commission on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. The Committee meets as needed on the fourth Monday of the month at 6:30 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625 or dan.hodapp@sfport.com

FERRY BUILDING:

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
B) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

PIER 1:

The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.

Accessible meeting information policy:

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance:

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Frank Darby by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at sotf@sfgov.org. Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Darby or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at http://www.sfgov.org/sunshine.

NOTICES

Prohibition of Ringing of Sound Producing Devices:

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

Lobbyist Registration and Reporting Requirements:

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.

PORT OF SAN FRANCISCO

MEMORANDUM

October 7, 2010

To: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Kimberly Brandon, Vice President
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Request retroactive authorization to enter into an agreement with the United States Department of the Army, Corps of Engineers, for design and construction assistance for the removal of Pier 36 in support of the Brannan Street Wharf Project.

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

INTRODUCTION

Port staff request the Port Commission's retroactive authorization to enter into an agreement with the United States Department of the Army, Corps of Engineers, for design and construction assistance for the removal of Pier 36 and adjacent marginal wharves (the *Project*). The removal of Pier 36 and marginal wharves are a necessary precursor to construction of the Brannan Street Wharf, a major new public open space in the South Beach neighborhood. The proposed agreement authorizes the United States Army Corps of Engineers (Corps) to design and construct the *Project* utilizing an acceptable design provided by the Port and applying those procedures usually applied to Federal projects, in accordance with Federal laws, regulations, and policies. The Corps will review the design, complete an Environmental Assessment consistent with the National Environmental Policy Act of 1969, ensure compliance with all applicable environmental laws and regulations, solicit construction contracts, manage the construction, and provide closeout documentation including an Operation, Maintenance, Repair, Rehabilitation, and Replacement Manual. The Port, in addition to providing the design at no cost, will contribute one third of the total *Project* cost in cash. The Congress of the United States has authorized $25 million to assist the Port on pier repair and removal projects, $4.8 million of which has been appropriated for the Pier 36 removal project. The Corps estimates the Total Project Cost to be $7,117,850; the Port's contribution will be $2,212,600.

THIS PRINT COVERS CALENDAR ITEM NO. 8A

PROJECT BACKGROUND

The Port and the San Francisco Bay Conservation and Development Commission (BCDC) both called for the development of the Brannan Street Wharf (the Wharf) when these two agencies reached an historic agreement in July, 2000, establishing consistent policies for the San Francisco waterfront in the Port's and BCDC's plans. The Wharf is identified as a major neighborhood and destination open space in the Port's Waterfront Land Use Plan, in BCDC's amended Special Area Plan, and in the San Francisco General Plan-Northeastern Waterfront Area Plan.

Brannan Street Wharf will be a new open space defining the center of the South Beach neighborhood. It will replace Piers 34 and 36 with 57,000 square feet of new wharf over the water parallel to the Embarcadero Promenade. It is located on The Embarcadero Promenade between Piers 30-32 and Pier 38.

The Port removed Pier 34 in 2001 and condemned Pier 36 in 2007.

The *Project* will remove Pier 36, both the shed building and the pier, remove approximately 770 lineal feet of marginal wharf starting 180 feet south of Pier 32 and continuing to the northern edge of Pier 38, and clear debris from the collapsed portion of Pier 36 and in the vicinity of the previously removed Pier 34. The concrete bulkhead seawall will be left intact and a chain link fence will be placed just bayside of the Art Ribbon in the approximate location of the current fence. All piling will be removed to a minimum of 2 feet below the existing mud line.

The Port, working with BCDC, conducted a public planning process for the Brannan Street Wharf working with a citizens' advisory committee (CAC) for this project. The CAC included representatives from the South Beach/Rincon Point Citizens Group, other residents, merchants, and a variety of interest groups representing a broad mix of local and regional view points.

FUNDING

To assist in funding of the Pier 36 demolition element of the Brannan Street Wharf Project, in 2009 Port staff sought and received a congressional earmark of $4.8 million through the sponsorship of Speaker Nancy Pelosi. This Federal appropriation to the Army Corps requires a minimum match of one third by the non-Federal project sponsor- in this case, the Port. The Port will provide these funds through use of funding designated for the Brannan Street Wharf Project.

THE AGREEMENT AND NEED FOR RETROACTIVE APPROVAL

Negotiation over the terms of the agreement took place over six months, with substantial issues between Port and Army Corps counsel remaining unresolved until only days before the absolute deadline for execution of this agreement. Delay beyond that deadline would have resulted in loss of funds not only for this project, but for other associated projects as well. To preserve these Federal dollars, Port staff requested that the Executive Director sign the agreement the day following conclusion of agreement

negotiations. The agreement became final on September 29, 2010, one day before the end of the Federal fiscal year.

REQUESTED ACTION

Port staff recommend that the Port Commission approve the attached resolution retroactively authorizing the Executive Director to enter into an agreement with the United States Army Corps of Engineers for design and construction assistance for the project to remove Pier 36 in support of the Brannan Street Wharf Project.

Prepared by: Kim Von Blohn, Project Manager
Engineering Division

Daley Dunham, Special Projects Group
Executive Division

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 10-68

WHEREAS, The Port of San Francisco Waterfront Land Use Plan calls for the removal of Pier 36 (the "Project") in order to create a major Brannan Street Wharf open space and Open Water Basin; and

WHEREAS, The design of the Project has progressed to its final stage, including public outreach and multiple stages of design review by the Port's Waterfront Design Advisory Committee and the BCDC's Design Review Board; and

WHEREAS, The City and County is currently undertaking environmental review under the California Environmental Quality Act ("CEQA") of the Project as part of the Port of San Francisco's proposed Pier 36/Brannan Street Wharf Project. CEQA does not limit the Port of San Francisco's ability to participate in design and planning for the Project prior to completion of environmental review; however, as a lead agency under CEQA, the City and County will review and consider the final environmental documents relating to the Project before deciding whether to approve the Project, including, without limitation, the removal of Pier 36. Pursuant to the requirements of CEQA, the City and County retains discretion to: (a) require modifications in the Project to mitigate significant adverse environmental impacts, (b) select feasible alternatives that avoid significant adverse impacts of the Project, (c) require the implementation of specific measures to mitigate the significant adverse environmental impacts of the Project, as identified through environmental review, (d) reject all or part of the Project as proposed if the economic and social benefits of the Project do not outweigh otherwise unavoidable significant adverse impacts, or (e) approve the Project upon a finding that the economic and social benefits of the Project outweigh otherwise unavoidable significant adverse environmental impacts; and

WHEREAS, In 2009, the Port sought assistance from the Federal government through the congressional earmark process and secured a Federal appropriation of $4.8 million to the United States Army Corps of Engineers for construction assistance for the removal of Pier 36; and

WHEREAS, On September 29, 2010, the Port and the United States Army Corps of Engineers entered into a partnership Agreement (hereinafter the "Agreement") for design and construction for the San Francisco California Pier 36 Removal Work; and

WHEREAS, The United States Army Corps of Engineers has projected the total project cost to be $7,117,850, and the Port will meet the federal government's one-third cost sharing requirement with a cash contribution of $2,212,600; now, therefore, be it

RESOLVED, That the San Francisco Port Commission hereby approves, confirms and ratifies the Executive Director's execution of the Agreement between the Port and United States Army Corps of Engineers for design and construction for the San Francisco California Pier 36 Removal Work in support of the Brannan Street Wharf Project, including the actions of all of Port staff in connection therewith; and be it further

RESOLVED, That the San Francisco Port Commission approves, confirms, and ratifies all prior actions taken by the officials, employees and agents of the Port Commission or the City with respect to the execution of the Agreement.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of October 12, 2010.

Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

October 7, 2010

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Kimberly Brandon, Vice President
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Request approval of five year landing rights agreement with San Francisco Water Taxi LLC for water taxi services to Hyde Street Harbor and Pier 1½

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Port staff made an informational presentation of this item at the September 14, 2010 Port Commission meeting.

Water taxis are a popular form of transportation at many of the world's major cities, and San Francisco's waterfront may offer advantages for such a service. Last year, Port staff organized a meeting of interested parties regarding the concept of a water taxi service being offered along San Francisco's waterfront. As a result of this meeting and discussion, the Port funded an independent feasibility study to analyze market demand, seasonal flows and identify possible locations for water taxi services. The analysis recommended minimum vessel and operator requirements and examined examples of water taxi operations in other cities.

Discussion

An informational presentation of these findings was made to the Port Commission at its December 8, 2009 meeting. Subsequently the Port issued a Request for Interest (R.F.I.) in operation of a water taxi service along the San Francisco Waterfront with the goal to reach an agreement with a water taxi operator that ensures that such service is run safely, economically, effectively and efficiently while providing transportation services for visitors and residents alike. The Port is desirous that this service utilize at least three embarkation/disembarkation locations. One of these locations is at Pier 1½ where the Port currently has an agreement for such a service as part of its lease with

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Pacific Waterfront Partners LLC and the other is at the Hyde Street Harbor. Other locations will need to be identified and established by the water taxi service provider.

A water taxi is defined as a vessel less than 60 feet in length used for transporting passengers on point-to-point trips, which vessel is Coast-Guard certified for intra-coastal passengers for hire and has a maximum capacity of 49 people and shall not be used as a dining vessel. Interested parties were asked to submit a written description of their interest to provide a water taxi service and to detail their maritime business experience, financial capacity, existing fleet or ability to obtain a fleet of vessels for the services described herein, safety record, and any other pertinent experience that qualifies the respondent to provide the requested service.

The Port received four responses to the RFI from the following companies:

- Blue and Gold Fleet
- Red and White Fleet
- Dauntless Charters
- San Francisco Water Taxi LLC

Port staff reviewed each of the letters of interest and determined that San Francisco Water Taxi LLC (SFWT) was the only candidate that proposed a sustainable business model that didn't require a Port subsidy. SFWT proposed a true water taxi operation that will utilize the two Port berthing locations as pick-up/drop-off locations for point-to-point transit to locations throughout San Francisco Bay. Port staff entered into negotiations with SFWT that have resulted in this proposed five year landing rights license agreement for consideration of the Port Commission.

Licensee:	San Francisco Water Taxi LLC - John Scannell, President. This is a start-up company that was formed to respond to the Port's RFI for a new business opportunity to operate a water taxi service at the Port. Their offices are in San Francisco in the Hunter's Point neighborhood.
Term:	Five years from October 1, 2010 until September 30, 2015 with one five year option, which if exercised would extend this agreement until September 30, 2020.
Landing Sites:	Pier 1½ and Hyde Street Harbor. The Pier 1½ landing facility is detailed in the Port's lease with San Francisco Waterfront Partners
Use:	Providing for hire water taxi service with passenger embarkation and debarkation at the landing sites and for no other purpose. SFWT may sell branded merchandise and non-alcoholic beverages and snacks to passengers
Fees:	SFWT shall pay the Port a percentage fee in the amount of seven percent (7%) of its gross revenues

Security Deposit:	Five Thousand Dollars ($5,000.00)
Environmental: Review	The use is a continuation of an existing use and is therefore covered under the General Rule exclusion pursuant to the California Environmental Quality Act ("CEQA")
Insurance:	Licensee shall provide insurance coverage acceptable to Port and City Risk Manager
Standard License Provisions:	The landing rights agreement contains all current license provisions on the standard form approved by the City Attorney's office including, compliance with laws, Port's Right to Terminate, Indemnity and Exculpation and Hazardous Materials

Recommendation:

Port staff recommend that the Port Commission approve the Landing Rights Agreement with San Francisco Water Taxi, LLC on the terms and conditions described in the Staff Report.

Prepared by: Peter Dailey
Deputy Director of Maritime

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 10-65

WHEREAS, Charter Section B.3581 empowers the Port Commission with the authority and duty to use, conduct, maintain, manage, regulate and control the lands within the Port jurisdiction; and

WHEREAS, water taxis are a popular form of transportation at many of the world's major cities; and

WHEREAS, as a leading tourist city, San Francisco's waterfront may offer advantages for water taxi service; and

WHEREAS, the Port completed a comprehensive feasibility study of possible water taxi use that concluded that such a service could be commercially viable; and

WHEREAS, Port staff determined that in lieu of a competitive bid process we would solicit through a more practical Request for Interest procedure from a wide array of possible prospective service providers as allowed under Port Commission Resolution No. 85-95; and

WHEREAS, the Port subsequently issued a Request For Interest (RFI) to gauge commercial interest in a water taxi service emanating from San Francisco; and

WHEREAS, Blue and Gold Fleet, Red and White Fleet, Dauntless Charters, and San Francisco Water Taxi LLC responded to the RFI; and

WHEREAS, the Port determined that San Francisco Water Taxi LLC offered the best business plan requiring the least financial risk from the Port; and

WHEREAS, San Francisco Water Taxi LLC is a San Francisco based start-up company that plans to purchase up to four vessels which adhere to the RFI criteria of vessels up to 60 feet long and can carry 49 passengers or less; and

WHEREAS, Port staff has negotiated a five year landing rights license agreement with San Francisco Water Taxi LLC to operate a water taxi service and allow landings at Pier 1½ and Hyde Street Harbor, "the Landing Rights Agreement License to Land at the Port of San Francisco Pier 1½ and Hyde Street Harbor" or the "Agreement" under which San Francisco Water Taxi will pay Port fees in the amount of 7% of its gross revenues from landings at the Hyde Street Harbor; and

WHEREAS, the landing rights agreement with San Francisco Water Taxi LLC was reviewed by the Port of San Francisco Planning Department and therefore covered under the General Rule exclusion pursuant to the California Environmental Quality Act ("CEQA"); and, now therefore, be it

RESOLVED, that the Port Commission hereby approves the Landing Rights Agreement with San Francisco Water Taxi, LLC on the terms and conditions described in the Staff Report and authorizes the Executive Director or her designee to execute the Landing Rights Agreement; and, be it further

RESOLVED, that the Port Commission authorizes the Executive Director or her designee to make any additions, amendments or other modifications to the Landing Rights Agreement that the Executive Director, in consultation with the City Attorney, determines are in the best interest of the Port, do not materially increase the obligations or liabilities of the City or Port, and are necessary or advisable to complete the transactions which the Landing Rights Agreement contemplates and effectuate the purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director or her designee of the Landing Rights Agreement, and any such amendment thereto.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of October 12, 2010.

Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

October 7, 2010

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Kimberly Brandon, Vice President
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Informational Presentation regarding Joint Planning with Water Emergency Transportation Authority for the Downtown Ferry Terminal Expansion

DIRECTOR'S RECOMMENDATION: Information Only – No Action Required

Background

Pursuant to a Memorandum of Understanding (MOU) that was authorized by the Port Commission at its meeting of December 9, 2008 (Resolution No. 08-78), Port staff is currently engaged in joint planning with the Water Emergency Transportation Authority (WETA) for the expansion of the Downtown San Francisco Ferry Terminal in the Ferry Building Waterfront Subarea ("Ferry Building Area"). The MOU established a framework for a coordinated planning process between the two agencies. This item provides an update of that joint planning effort.

Discussion

The first phase of improvements to the Downtown Ferry Terminal was constructed by the Port in conjunction with the historic rehabilitation of the Ferry Building, completed in 2003. At the time, Port plans included a second phase of improvements that were anticipated to serve future needs, to complete the Downtown Ferry Terminal. Since then, WETA was formed to construct and operate ferry operations to serve the Bay Area, and has developed a comprehensive program to carry out its mission. To serve those needs, WETA has identified the need to construct up to three new gates to provide additional berthing capacity for WETA's future ferry services to and from downtown San Francisco. The Project also includes other terminal improvements such as expanded passenger waiting and queuing areas, partial removal and repair of

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dilapidated pier structures, emergency response staging areas, public access enhancements, and new terminal wayfinding systems. These improvements follow many of the concepts identified in the plans for Downtown Ferry Terminal Phase 2, but also include additional details and features.

The Port and WETA are working together to integrate these ferry service improvements with Port tenant, operational and public needs for the Ferry Building Area between Pier 1 and Pier 14 Breakwater and Public Access Pier. In addition to increased ferry service, the WETA improvements should improve or enhance landside transportation and intermodal connections, public access and amenities, commercial activities and opportunities, and emergency preparedness that benefit the Ferry Building Area. Furthermore, because most of the WETA improvements are proposed south of the Ferry Building, issues related to the future rehabilitation of the Agriculture Building must also be addressed as part of this effort.

Project Team and Stakeholder Outreach

As anticipated in the MOU, the WETA Board recently hired two, multi-disciplinary consultant teams for this Project. ROMA Design Group (ROMA) will develop the conceptual design, and URS Corporation will prepare environmental review documents. For the past three months, WETA and the Port have been working collaboratively with ROMA to develop initial sketch concept plans that will be used to solicit input from Ferry Building tenants and community stakeholders. ROMA will be initiating interviews over the next few months and incorporating their feedback into the conceptual design for WETA improvements. The objective is to produce a concept design for WETA that integrates current and future needs of the broader Ferry Building area so that it also provides a framework for compatible implementation of other future projects and improvement programs in the Ferry Building Area, in a manner that is consistent with the Waterfront Land Use Plan and the Port's objectives for stewardship of the waterfront.

Key project stakeholders include Port tenants with long-term leasehold interests, located within the Ferry Building Area. Ferry Building Investors and Equity Office Properties (EOP) manage the 66-year Ferry Building lease area that includes the Ferry Building and Ferry Plaza, as well as an agreement with CUESA, the operator of the outdoor Farmers' Market. Ferry Plaza Limited Partners (FPLP) is also a long-term tenant that manages the (currently vacant) restaurant site located on the east side of the Plaza. In addition, both the Port and EOP have a number of shorter-term leases in the area, including all of the Ferry Building tenants, Agriculture Building tenants, and Sinbad's Restaurant. There are a number of operational issues affecting these tenants that will be considered when developing long-term improvement plans for the area, such as reconciling transportation and circulation issues as ferry activities increase over time.

There also are a number of transportation agencies that are tenants in the Ferry Building area that will be consulted: BART, Golden Gate Ferry, and Amtrak. In addition, the team will meet with regulatory agencies such as BCDC and the State Historic Preservation Officer (SHPO) to get early input and direction. The input about Ferry Building Area uses and operations will inform ROMA's work to produce a concept

design proposal for further review, which would include additional stakeholders that represent broader neighborhood and citywide interests, such as SPUR, the San Francisco Bicycle Coalition, Livable City, and neighboring groups in the downtown and Golden Gateway districts with a keen interest in preserving and enhancing this vital segment of the San Francisco waterfront.

The project team anticipates that an initial round of stakeholder interviews, consisting primarily of the major tenant groups and regulatory agencies, will take place in the next 3-5 months, with a broader community outreach process to follow in early 2011.

Conclusion

The Ferry Building Area continues to grow and evolve as a major Bay Area intermodal transportation hub in which the Downtown Ferry Terminal plays a natural and very important part. At the October 12, 2010 Port Commission meeting, the project team will present the sketch concepts that will inform the outreach process. The design concept(s) that result from this effort will be the subject of future presentations and updates to the Port Commission and community. Ultimately, this effort will culminate in staff recommendations for WETA and other Ferry Building Area improvements that will be subject to approval at one or more future Port Commission meetings.

Prepared by: James Hurley, Feasibility Analyst
Jonathan Stern, Assistant Deputy Director
Diane Oshima, Assistant Deputy Director

Prepared for: Byron Rhett, Deputy Director
Planning & Development

Project Area



PORT OF SAN FRANCISCO

MEMORANDUM

October 7, 2010

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Kimberly Brandon, Vice President
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Request for authorization to award a Grant to Literacy for Environmental Justice, for Environmental Education Programs at Heron's Head Park and India Basin Open Space in an amount not to exceed $415,000

DIRECTOR'S RECOMMENDATION: Adopt Attached Resolution

Introduction

For the past 10 years, the Port has supported environmental education programs at Heron's Head Park through interdepartmental work orders, staffing by temporary Port employees, or contracting. For the past four years, Literacy for Environmental Justice (LEJ), a local nonprofit organization, has provided such services under a professional services contract with the Port. With the Port Commission's authorization, Port staff have solicited grant proposals to provide environmental education programs at Heron's Head Park and India Basin Open Space. With this report and resolution, staff requests that the Port Commission authorize award of a grant to LEJ in an amount not to exceed $415,000 and term not to exceed four years.

Background

In 1998, the Port completed construction of salt marsh habitat and upland public access improvements at the former Pier 98, creating Heron's Head Park. Environmental education, service learning[1], and volunteer participation have been an important part of Heron's Head Park ever since. Through service learning projects and drop-in volunteer programs, environmental education promotes stewardship of the park and wetland

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[1] "Service learning" is the incorporation of community service within an educational system. Colleges and Universities are increasingly recognizing the value of service learning, and offering credit commensurately. Many high schools require some service learning experience for graduation.

habitat. Students, teachers, and community members develop an understanding and appreciation of the functions and values of different habitat types. In recognition of these benefits, the Port has funded environmental education and public outreach programs at Heron's Head Park for over ten years. The engagement of the broad range of community members that results from the Port's programs is a major contributor to the health and vitality of the park.

India Basin Shoreline Park and Open Space are located nearby on the south side of India Basin at Hunters Point Boulevard and Hawes Street, just south of Heron's Head Park (see Figure 1). The City and County of San Francisco (City) Recreation and Parks Department (Rec & Park) developed the northern portion of this shoreline, India Basin Shoreline Park, for public access and active recreation. Along the southern portion, Rec & Park enhanced the wetland and constructed walking paths and limited seating for passive recreation. Similar to the Port's wetland restoration at Heron's Head Park, Rec & Park enhanced tidal circulation, expanded and improved the salt marsh, and created an upland buffer between the wetland and trail. India Basin Open Space, managed by Rec & Park's Natural Areas Program, provides a welcoming waterfront of recreational and ecological significance.

Heron's Head Park and India Basin Open Space have much in common, but also offer unique and complimentary opportunities for environmental education. Due in large part to the Port Commission's investment in public participation over the past ten years, Heron's Head Park enjoys the support of an established constituency of students, scientists, educators and community members invested in stewardship of its environmental and recreational value. India Basin Open Space is readily accessible to the neighboring Hunters Point community and offers certain unique habitat, such as a small sand dune area supporting native plant communities representative of those that once covered much of San Francisco's coastal land. The community benefits of the Port's environmental education programs, which have been provided to date only at Heron's Head Park, could be enhanced by extending programs to India Basin Open Space.

On July 13, 2010, the Port Commission authorized Port staff, in collaboration with Rec & Park, to advertise a *Request for Grant Proposals* (RFP) to provide environmental education programs at Heron's Head Park and India Basin Open Space. The proposed RFP sought to continue educational and recreational opportunities at Heron's Head Park and, also, allow extension of the programs to India Basin Open Space. As in the past, the environmental education programs will return value to the Port through education program participants' and other volunteers' care and maintenance efforts at the parks.

Grant Proposal Solicitation Process

On August 3, 2010, the Port advertised the subject RFP, with a proposal due date of September 3, 2010. The grant opportunity was advertised on the Port's website, Rec & Park's website, and through email announcement directly to 27 individuals or organizations with expertise in providing the desired environmental education services. An announcement was also sent to the Bay Area Chapter of the California Regional

Environmental Education Community, a consortium of environmental educators and organizations that provide such services. San Francisco Human Rights Commission (HRC) staff emailed the announcement to all HRC-Certified Local Non Profits.

The Port held a pre-proposal conference on August 18, 2010. Representatives from four potentially qualified nonprofit organizations attended. Port and Rec & Park staff posted questions and answers regarding the grant opportunity received during the pre-proposal conference or otherwise on each department's website.

Although there appeared to be significant interest in the grant opportunity, only LEJ submitted a proposal. LEJ's proposal represents a team effort, and includes participation of several local non-profits as partners or "sub-grantees". At least two of these partners would have been potentially qualified competitors for this grant opportunity: the Golden Gate Audubon Society and the Marine Science Institute, both of whom have responded to previous RFPs for environmental education at Heron's Head Park. The organizations included as partners in LEJ's proposal and their respective roles are described further below.

Port staff reviewed LEJ's proposal and found it to be responsive to the requirements of the RFP. Port staff had established a selection process and criteria, as described in the July 7, 2010 report to the Port Commission. Staff had also convened a selection committee comprised of qualified evaluators. With receipt of only one proposal, the full review and interview process was not required. Selection committee members received LEJ's proposal and provided favorable feedback. LEJ's proposal offers a comprehensive, cost-effective environmental education program that meets the Port's goals for the grant-funded work. Based on its review of LEJ's proposal and the recommendation of the selection committee members, Port staff recommend awarding the environmental education grant to LEJ.

The previous contract for education and public participation programs at Heron's Head Park ended September 30, 2010. With Port Commission approval, staff expect to execute a final grant agreement in October 2010. Staff propose to execute a two-year grant agreement with LEJ for the period from October 2010 through September 2012, for a two-year period based on available funds and currently proposed services, and a subsequent amendment to the grant agreement for two additional years, for the period October 2012 through September 2014. This two-phase approach will enable the Port, Rec & Park, LEJ, and its sub-grantees to refine the scope of services as needed to respond to changes in circumstance and availability of funds. Port staff intend to use and execute a grant agreement based on the Office of Contract Administration's standard form, G-100 (5-07), and substantially similar to the draft grant agreement for this project that is on file with the Commission Secretary.

Scope of Grant-funded Services

LEJ's proposed services will continue the existing education, outreach, volunteer coordination, and some of the habitat stewardship activities provided under the current contract, and expand them to include India Basin Open Space. As described in staff's July 7, 2010 report to the Port Commission, expansion of the programs into India Basin

Open Space will enhance the educational value and increase access to the program, particularly for residents in the southeast part of San Francisco, where the greatest number of children and youth live and access to inviting natural areas is most limited.

Services to be provided through the grant will include, but may not be limited to:

- Provide **free hands-on environmental education programs** to school and other groups throughout the year. Typical programs begin with a pre-trip visit by program staff, followed by a field trip and service learning project, and final program evaluation. Although the programs concentrate on serving K-12 schools and youth in southeast San Francisco, public and private schools, educators, and groups of all types and ages, will continue to participate and benefit from the environmental education programs.

- Support **involvement and professional development opportunities for teachers** to develop their own environmental education skills and capacity to use the parks in their curriculum. For this new grant, LEJ has formalized a nascent teacher training partnership with the Exploratorium Teacher Institute at Heron's Head Park. In 2010/11, LEJ and Exploratorium staff will work with 25 middle and high school teachers through a summer training institute and Saturday workshops throughout the school year. LEJ estimates that through these 25 participating teachers, the program will reach 800 students during the first year.

- Provide safe and educational **water-based recreation** on San Francisco Bay through canoe excursions organized and staffed by the Marine Science Institute. Beginning in Summer 2011, the Marine Science Institute will lead 10 canoe trips out of India Basin Open Space and Heron's Head Park. Each trip will accommodate up to 27 students at a time and include educational elements such as water quality testing and learning how human activities affect wildlife and habitat.

- Offer new **family-friendly programs** that complement school-based programs. With this grant, LEJ proposes for the first time to work with Golden Gate Audubon Society to pilot environmental education programs for families, in an effort to extend students' educational experiences to the whole family.

- Organize and staff **volunteer participation events** and other volunteer opportunities at Heron's Head Park and India Basin Open Space. LEJ will lead "drop-in" community work days on the same regularly scheduled weekend day each month, and additional workdays organized for corporate or other volunteer groups. These volunteer events are fun and educational for the participants, and contribute greatly to the care and stewardship of the parks.

- **Highlight the recreational and habitat value of the natural areas** on India Basin's shoreline. With the opening of the EcoCenter, the expansion of Heron's Head Park[2],

[2] The parking area and entrance to Heron's Head Park will be expanded and improved as part of the park improvements funded by the "Clean and Safe General Obligation Bond" funds. The concept plan for Heron's Head Park expansion was approved by the Port Commission on May 11, 2010.

and proposed shoreline improvements to the south, this is a perfect time to focus attention on Heron's Head Park and neighboring coastal natural areas. LEJ and its partner Change Consulting will create a distinct brand identity, and process to develop awareness of Heron's Head Park and the Port's environmental education programs.

- **Cultivate community involvement** through collaboration with Rec & Park's existing programs. For example, LEJ proposes to work with the "Greenagers", a new initiative of Rec & Park, to promote youth involvement. The Greenagers is a group for teens interested in the environment; it offers a forum for teens to participate in environmental stewardship projects and connect with like-minded peers. LEJ offers the EcoCenter to serve as a "home base" for the Greenagers, and proposes to provide a structured training program in habitat restoration at India Basin Open Space. With coaching from LEJ, the program will culminate in a series of "work and play days" organized by the Greenagers themselves.

- Incorporate **habitat management** efforts at Heron's Head Park and India Basin Open Space into educational programs. LEJ proposes to continue monitoring ecological conditions, and planting native species from seeds cultivated at its native plant nursery. LEJ and the education program participants will implement small habitat improvement projects, such as building brush piles to serve as habitat for upland animal species and planting vegetative buffers along the wetlands to reduce erosion and wildlife disturbance by people and dogs.

Staffing and Partners

LEJ proposes to staff the environmental education programs with one full-time Park Ecologist and one 60% full-time-equivalent (FTE) Environmental Educator. During the school year, these staff will be assisted by a full-time Americorps intern serving as Park Assistant. In addition, the proposed grant to LEJ will support 40% FTE of the EcoCenter Program Manager, who will dedicate 40% of her time to serving the environmental education program. The grant funds will also provide a habitat restoration technician from LEJ's transitional-age[3] landscape management training program for four hours/week of habitat maintenance.

LEJ's partners in the grant proposal include:

- **The Exploratorium Teacher Institute** serves middle and high school science teachers with tools and activities at the Exploratorium, classroom materials, and web-based teaching resources. The Exploratorium Teacher Institute and LEJ have been collaborating informally on teacher training at Heron's Head Park since 2008. With this grant LEJ and the Exploratorium will develop a formal year-round teacher training program based out of the EcoCenter, beginning Fall 2010.

- **The Marine Science Institute** is a nonprofit organization dedicated to putting students in direct contact with their local bay environment, enriching science

[3] "Transitional-age" youth are 18 to 24 years old.

education, and fostering a sense of community responsibility for environmental protection.

- **Golden Gate Audubon Society** has been a long-time supporter of Heron's Head Park and the Port's wetlands at Pier 94. Golden Gate Audubon Society runs birding education programs for adults and families in the East Bay. With this grant it will pilot family-based educational events at Heron's Head Park.

- **Stewardship and Environmental Education Collaborative (SEEC-SF)** is a collaborative of environmental education organizations serving San Francisco schools. SEEC-SF will work with LEJ on curriculum development, co-lead environmental education programs at the parks, and assist with ongoing program evaluation and refinement.

- **Change Consulting** is a for-profit public relations consulting firm that will work with the Port and LEJ to evaluate current perceptions and opinions of park users, and develop strategies, materials, and recommendations for a branding and communications plan to highlight the Port's programs at Heron's Head Park.

Funding

The Port Commission has approved a two-year operating budget for Fiscal Years 2010/11 and 2011/12, including a total of $220,000 for environmental education. At its meeting on July 13, 2010, the Port Commission authorized staff to solicit grant proposals for environmental education at Heron's Head Park and India Basin Open Space. Staff proposes, and requests Port Commission approval to award a two-year grant to LEJ to provide environmental education services, with an option to amend the grant award for two additional years, for a total not-to-exceed value of $415,000, depending on availability of funds.

While matching funds were not a requirement of the City's RFP, LEJ has leveraged Port funds to bring substantial additional resources to support its proposed program at Heron's Head Park and India Basin Shoreline Park. As a non-profit organization with a demonstrated track record of successful project execution, LEJ has been able to secure grant funds from other public agencies and private foundations, including the National Fish and Wildlife Foundation, Kimball Foundation, California State Coastal Conservancy, United States Environmental Protection Agency, and Heller Foundation. All tolled, the commitments of financial support from sources outside the City comprise nearly 50% of the total budget for the environmental education program at Heron's Head Park and India Basin Open Space. LEJ's budget proposal is summarized below.

Budget Item	Proposed Port Funds	Other Grant Funds
Grant Year 1 : Oct.2010-Sept.2011		
LEJ Staff: 2.7 FTE, including overhead & program administration	$90,950	$89,636
Change Consulting	$8,500	
Non-profit Partners: Marine Science Institute, Exploratorium	$3,000	$5,000
Materials & Supplies	$7,550	$12,800
Year 1 Total	**$110,000**	**$107,436**
Grant Year 2 : Oct.2011-Sept.2012		
LEJ Staff: 2.7 FTE, including overhead & program administration	$89,880	$100,328
Change Consulting	$6,500	
Non-profit Partners: Marine Science Institute, Exploratorium, Golden Gate Audubon Society	$6,000	$5,000
Materials & Supplies	$7,620	$6,200
Year 2 Total	**$110,000**	**$111,528**

Recommendation

Port staff recommends adoption of the attached resolution authorizing a grant award to Literacy for Environmental Justice to provide environmental education services in an amount not to exceed $415,000, and for a term not to extend beyond the end of September 2014.

Prepared by: Carol Bach
Environmental and Regulatory Affairs Manager
Planning & Development

For: Byron Rhett, Deputy Director
Planning & Development

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 10-69

WHEREAS, on July 13, 2010, the Port Commission adopted Resolution No. 10-51, authorizing staff to advertise a Request for Grant Proposals ("RFP") soliciting environmental education services at Heron's Head Park and India Basin Open Space; and

WHEREAS, on August 3, 2010, Port staff issued the subject RFP and, on September 3, 2010 received one proposal, from Literacy for Environmental Justice; and

WHEREAS, the Port staff and selection committee reviewed the proposal and found it to be responsive to the RFP and proposing the desired services at a budget within the proposed grant amount; and

WHEREAS, Port staff have negotiated the terms and conditions of the subject grant agreement for services as described in the staff report, substantially in the form of the agreement on file with the Commission Secretary; and

WHEREAS, the Port has allocated $220,000 in funding from the Fiscal Year 2010-11 and Fiscal Year 2011-12 Operating Budget to support this work; and

WHEREAS, Port staff anticipate that funding for environmental education will be available in future years; now, therefore, be it

RESOLVED, that the San Francisco Port Commission hereby authorizes staff to award a grant to Literacy for Environmental Justice to provide environmental education services at Heron's Head Park and India Basin Open Space, as described more particularly in the staff report accompanying this resolution, in an amount not to exceed $415,000, depending upon availability of funds, and for a term not to extend beyond September 30, 2014.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of October 12, 2010.

Secretary



FIGURE 1: Location of Proposed Environmental Education Programs

Heron's Head Park and India Basin Open Space

PORT OF SAN FRANCISCO

SAN FRANCISCO
PORT COMMISSION

OCTOBER 12, 2010
MINUTES OF THE MEETING

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AMY QUESADA, COMMISSION SECRETARY

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE MEETING
OCTOBER 12, 2010

1. CALL TO ORDER / ROLL CALL

Commission President Rodney Fong called the meeting to order at 2:34 p.m. The following Commissioners were present: Rodney Fong, Kimberly Brandon and Ann Lazarus.

2. APPROVAL OF MINUTES - September 28, 2010

ACTION: Commissioner Lazarus moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; the minutes of the September 28, 2010 were adopted.

3. PUBLIC COMMENT ON EXECUTIVE SESSION

4. EXECUTIVE SESSION

A. Vote on whether to hold closed session.

ACTION: Commissioner Brandon moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

At 2:36 p.m., the Commission withdrew to executive session to discuss the following:

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTER (Discussion and Action)

(a) Discuss Anticipated Litigation matter pursuant to Section 54956.9(c) of the California Government Code and Section 67.10(d) of the City and County of San Francisco Administrative Code.
___ as Defendant _X_ as Plaintiff

Proposed Action: Approve a settlement agreement with Ferry Plaza Limited Partnership (FPLP), requiring the following: (1) FPLP to pay to the City and County of San Francisco $46,230 for past parking; (2) the Port and FPLP shall release any and all claims against each other arising from the parking.

5. RECONVENE IN OPEN SESSION

At 3:15 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Brandon made a motion to adjourn executive session and reconvene in open session; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Brandon disclosed that the Port Commission approved the settlement agreement with Ferry Plaza Limited Partnership to pay the City and County of San Francisco $46,230 for past parking. Commissioner Brandon made a motion not to disclose any other information discussed in executive session; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

6. ANNOUNCEMENTS: The Commission Secretary announced the following:

A. Announcement of Prohibition of Sound Producing Devices During the Meeting

Please be advised that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

B. Announcement of Time Allotment For Public Comments

Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

7. EXECUTIVE

A. Executive Director's Report: Executive Director Monique Moyer reported the following:

- Status Report on Fleet Week – October 7 to 11, 2010
 Fleet Week was a tremendous success. The Port received all kinds of feedback over the last four days leading into today from Port tenants, Port participants and the maritime community as a whole that were completely thrilled with Fleet Week this year.

 The Mayor appointed General Michael Myatt to be the new Fleet Week Committee chair, and he has been outstanding. General Myatt is rather unassuming in person but in the military community he is quite the rock star, and it doesn't hurt to have George Schultz a part of this community.

This year, we have been able to welcome nine vessels as compared to one to three the last several years.

When Mayor Newsom was making his remarks and was lauding the fact that there were nine ships this year, Senator Feinstein reminded him that when she was mayor there were 13 ships. We have something to shoot for next year, as the mayor said -- once a mayor, always a mayor. Senator Feinstein has given us the challenge. General Myatt and the Fleet Week Committee were supported by a tremendous number of people both financially and with help. They are to be commended. She would like to have them appear at a future Port Commission meeting so that we can give them the accolades that are due to them as volunteers. Today was just a little too tight as they are still putting Fleet Week to rest.

The amount of press on Fleet Week was exceptional, and the photographs that are coming in are amazing , particularly of all of the people that turned out at the shoreline.

Thanks to the San Francisco Fire Department, the fireboat led the way during the parade of ships: The USS Pinckney, the USS Curts, the MCM Pioneer, the MCM Chief, the USCGC Active, the HMCS Brandon, the HMCS White Horse -- Her Majesty's Canadian Service, and the Jeremiah O'Brien, which participate every year, and the Liberty PTF.

The U.S.S. Makin Island was berthed at Piers 30-32; she departed today looking absolutely brilliant. There was a huge number of people who came to the waterfront to visit the ships, as well as to interact with all of the military personnel that were here. We had not only the Navy but the Canadian Services as well as the Coast Guard men and women and the Marine Corps.

It was an amazing turnout. All the marinas and yacht clubs along the bay were completely sold out. There was a terrific collection of vessels out on the bay which included the Jeremiah O'Brien, most of the tugboats, the bar pilots, a plethora of sailboats, pleasure crafts and kayakers. People were everywhere.

We had fantastic support from the maritime enforcement community that consisted of the Navy plus the Coast Guard, the San Francisco Marine Unit of the police department, the Alameda Sheriffs and the San Francisco Fire Department.

This wouldn't have been possible without the dedication of some tremendous City and Port staff. The City staff was led by Martha Cohen and Matthew Goudeau; the Port staff included Sidonie Sansom, Jay Edwards, Peter Dailey, John Davey, Hedley Prince, Denise Turner, Aaron Golbus, Anita Yao, Michael Nerney, and many others including Catherine Hooper who worked tirelessly on our behalf.

This past Thursday when the U.S.S. Makin Island was here, part of General Myatt's commitment to Fleet Week was to get all the first responders together aboard the ship. We had all of the major generals -- General Hunt from the Navy, Admiral Brown from the U.S. Coast Guard. We had a general from the Marine Corps as well as their deputies. We had the head of Region 9 for FEMA.

We had our own fire and police chiefs as well as those from many other areas. We had the heads of the departments of emergency services at the state and local level. It was an incredible gathering of people who speak one language, which is disaster response.

The St. Francis Yacht Club hosted all of the military brass for the parade of ships, which they did as a donation. It's been an outpouring of support and enthusiasm; the reviews are incredible.

Thanks to Sidonie Sansom and Michael Nerney, Admiral Hunt of the Navy presented the Port with this tremendous plaque.

If you add that onto the great work of the San Francisco Giants and Shoreside Power and all the cruise ships we had in port last week, it has been a tremendous time for our waterfront. The Port couldn't be more pleased and gratified by the support of all of our partners.

With the Commission's support, she would like to get General Myatt and his team as well as several of the other members to come back and be properly acknowledged, hopefully on the meeting on the October 26, 2010.

- <u>Commendation to Paul Thayer, Executive Officer of the State Lands Commission, on the occasion of his retirement</u>

 Our friend and colleague Paul Thayer, who has served for quite some time now as the executive officer of the State Lands Commission has decided to retire from public service after a long and illustrious career.

 Paul has been the executive officer of State Lands Commission since 1999. That has been the era for the Port of development and rehabilitation of our waterfront. Nothing that has been done could have been done without Paul's support.

 State Lands Commission has the very difficult job of interpreting what is exactly the public trust. What does it mean for the state as a whole? How can it best be applied to San Francisco? Paul and his entire team have to be commended on being willing to work with the Port and being willing to think creatively.

During her tenure at the Port, Paul is one of our first partners that understood the crossroads that the Port was at in terms of its future. He stepped right up to help us and she's really grateful for that. It means a lot to her personally, but it means a lot to generations to come and she hope that he will count it among his many accolades and legacies that he is leaving for all of us.

Paul is the only person she knows that refers to himself as a bureaucrat. For the rest of us, that's a four-letter word that we don't really appreciate, but he says it with such love and endearment. He's had a long tenure in public service. Before coming to the State Lands Commission, Paul worked for Senator Byron Sher for several years, so he always had a great perspective of the role of the legislature in defining and administering the public trust, and brought that to all of the activities he did specifically on behalf of the Port of San Francisco.

With respect to the Port, some of the projects that he has been involved with include the Ferry Building and the Downtown Ferry Terminal, Pier 1, Piers 1½, 3 and 5, AT&T ballpark, which is the height of a great excitement and activity just now, Piers 30-32 Bryant Street Pier, which once upon a time was a grand vision but will eventually be a great place, Piers 27-31, the SB 815 which really is a defining moment for the Port going forward. Pier 70, which is going to mean all that it can mean for future generations. We could never, ever have accomplished all of that without Paul's help.

In case he had any spare time left he was very much involved in the limitation of oil exploration off the coast of Santa Barbara, which we greatly appreciate especially in light of the Gulf spill, and one that she really likes which is the recovery of monies from the city of L.A. that belonged to the Port of L.A. That is very, very important piece of case law that we rely on every now and then. We appreciate Paul's stewardship in that.

We are happy for Paul but very sad for the rest of us. We thank Paul for his friendship, his creativity, and most of all his dedication to public service.

Commission President Rodney Fong indicated that it's his honor to present Paul with this plaque. For all the things Monique mentioned, the projects and the accolades, moving forward in all the future projects and laying the groundwork and foundation for all of that, the Port Commission thanks Paul for all that he has done for the Port.

He read the inscription of the plaque and presented it to Paul: "With gratitude and friendship, Paul Thayer, from the Port of San Francisco, October 2010."

Executive Director Monique Moyer indicated that this is the first time that Paul has had to come to a Port Commission meeting; that tells you how good he is at what he does.

Brad Benson, Special Projects Manager, indicated that it's been a great honor to work with Paul since he been with the Port. He had the good fortune to start working at the Port with Monique and Noreen Ambrose, who of course was such a great expert in public trust law. It was through Noreen's tutelage and Paul's amazing patience and the patience of his staff that he came to appreciate all of the common law principles that guide the Port in our day to day activities. It's really a very rich history of law. We're serving the public in some extremely important ways. He apologized that we're always coming to him seeking special treatment because that seems to be what we do in San Francisco. Paul brought to the job very strong environmental ethic, coming from Byron Sher's office that had to be the case. He did have a chance to work at one of Byron Sher's reelection campaigns and he knows what a great guy he is. It's that reputation and the reputation that he built at the State Lands Commission. It was with his concurrence that we were able to get through some of the things that Monique spoke about -- SB 815 and SB 1085 gave us infrastructure financing district powers and then the most recent bill AB 1176 is going to mean so much to Pier 70. Paul was firm and fair, and always listened to us patiently regardless of the crazy ideas that we were bringing his way. He thank him for all that he's done.

Mike Wilmar, an attorney with Sheppard, Mullin, Richter and Hampton, indicated that in that capacity he has worked on virtually all, certainly most if not all, of the projects in one way or another that Monique mentioned. That includes the Ferry Building, Pier 1, and the rest. In a prior incarnation, he was Will Travis. He was the executive director of BCDC and he thought he knew something about the public trust. He still thinks he knows something about the public trust, and will say that at times he and Paul have disagreed about the scope of the public trust, sometimes heatedly. In all the times that any of us has ever worked with Paul, he never had a second's doubt about his integrity and his commitment to the public interest. He would like to salute him today for that publicly and privately, and thanked him for all the good work he's done on all these projects on the waterfront, and given us a waterfront that, as Brad just mentioned, we can truly be very, very proud of.

Joe La Clair Joe La Clair, BCDC, indicated that Paul is also a BCDC commissioner, so he's talking to one of his bosses. Monique, Brad and Mike mentioned a lot of the projects that we've worked on together with Paul, and also spoken a lot about the qualities that Paul brings to the job of pragmatism and listening and also an open mind, trying hard to reach across the table and try to understand the other person's point of view. Despite some of the heated differences about what the trust means, BCDC also has to grapple with difficult decisions about how to use the

tidelands and as we've said often there's lots of good reasons that we even haven't heard yet for filling the bay. It's a challenge. Paul's met it with grace and charm and he really appreciated working with him. Their work together started sometime back when he was working with Byron Sher and taking an idea that was born at a BCDC strategic planning retreat where the idea came up of creating a bay conservancy, and that was taken through and made legislation and now it's a program that benefits the San Francisco Bay through the California Coastal Conservancies Program. We also appreciate his work along California coasts on the projects that Monique mentioned regarding L&G and offshore oil development. As a Giants fan, he appreciates his seeing a way clear to allow us to sit in the cheap seats with the great views of San Francisco Bay. He wished him the best of luck in the future.

Bill White echoed everything everyone else has said, especially what Mike Wilmar has said. There's never been anyone who has worked on this issue of the public trust that has been more a staunch defender of it and the public interest than Paul. He and Paul haven't always agreed, but they've always striven to reach agreement. In fact in virtually every case, they've managed to do that, and it's been to the benefit of the public both here in the city and also the people of the state. He hopes that when he comes on his many, many post-retirement visits to the city, he will look around not only at the places that Monique mentioned but also Hunters Point and Treasure Island, some of the most important projects in the city today and he will see his legacy and the legacy that he's left to the people of this city and this state. He thanked him for that and wished him all the best in the next phase of his career.

Byron Rhett, Planning Development Director for the Port, indicated that their tenures overlap quite a bit. He came to the Port about a year after he came to State Lands. All of the wetlands that he's worked on here have been with Paul. He also worked on Treasure Island and Hunters Point Shipyard before he came to the Port. He just couldn't get away from Paul. He also wanted to acknowledge that just from a sort of hands-on perspective, planning development staff work very closely with Paul and all their projects started with the same sort of process. They would come to Sacramento, make a detailed presentation of why this project was trust consistent and Paul would say, "No, it isn't." He would then say, "Explain the trust from your perspective," and we began a lengthy process that always led to a very successful project and one that was eventually trust-consistent. Projects like the Ferry Building, and soon we're going to have the Exploratorium groundbreaking.

Diane Oshima, Planning and Development Division, followed on Byron's remarks and everybody else's. Here's our project and then they would show us what all the problems are but a lot of the problems weren't known problems up front; it was that San Francisco has thrown so many weird situations into the public trust discussion where he's really had to think

anew many times over. It's not like there was a formula in the book and that he could tell us what his sage advice was, but that there really was a creative process that had to go through each and every one of these projects and legislative proposals. That's really what governance is all about. Especially when we're dealing with something that's so ancient and so rare. The other legacy that Paul is leaving is an incredible staff, which is also something that is sort of rare in governance, the succession planning so that he's handed down the benefit of his insights and wisdom that can be carried forward. It's going to meet its ultimate test in Pier 70. She's not sure if he's got other grantees that carry the same breadth of issues that we throw at him, and while it can be arduous, we do appreciate all his time and attention.

Paul Thayer indicated that the State Lands Commission obviously has work up and down the coast; it isn't just in San Francisco but he has roots that go back a long time here. He lived on Stanyan Street for a while around 1980 for three or four years and worked at the Coastal Commission. His family on my father's side goes back. Both his mother and father graduated from UC Berkeley back in the '40s. As a result, when public trust issues came up in San Francisco he was much more willing to come down here than to L.A. or San Diego. He thanked the Port for this honor. The plaque is going up in his study and certainly will remind him of the whole team that's worked on public trust issues down here. He emphasized that although there's a lot of discussion of him, there's a lot of discussion of partnership and ultimately that's why we have the waterfront in San Francisco that all of us have at this point. He gave credit as others have to what a fabulous staff we have in Sacramento -- people who've worked on these issues for a long time. Currently Jennifer Lucasey and Grace Kato and folks from the Attorney General's office like Dennis Egan and Alan and Joe Asconi who worked on the ballpark issues. Ultimately, these projects were homegrown. It's a credit to this board and to the Port and to the city that you have the staff and you've had the board to guide the waterfront through this transformation from historical relics to something that lives and breathes -- with the Embarcadero coming down, with the redevelopment of 1½, 3 and 5 and all the other projects that were mentioned. Those projects were not designed in Sacramento. They came from Monique Moyer, her staff, people in the city developed those, and their responsibility was to try and help the city and the port make them happen, to get out of the way as much as they could and to try and facilitate them. There were times when we had troubles because of the public trust doctrine responsibilities for implementing the law but their intent right along was to try and find some way to make it happen.

That partnership is evident in what happened on the waterfront -- that it's better for all those different kinds of input. It's not because of what we did but because of what everybody did. That partnership extends to the private sector, people like Michael and Bill that have spoken, who were

just as eager participants as we were, in figuring out what the public trust doctrine was and how we could use that to make a better waterfront.

To conclude, in some respects the work that we all do is honorable, in a way that he doesn't shy away from saying. He's really proud to have been part of that and feel privileged to have had the ability and the opportunity to work everybody.

His wife and he often talk about how lucky they are. We're lucky we were born in the United States, to be in such a wealthy and great society. We're lucky to have found each other. We're lucky to have good jobs and live where we live. He's been lucky to have the career he's had and to work with the people in this room on these issues in a wonderful city. He thanked everyone for the commendation.

8. CONSENT

A. Request retroactive authorization to enter into an agreement with the United States Department of the Army, Corps of Engineers, for design and construction assistance for the removal of Pier 36, in support of the Brannan Street Wharf open space project. (Resolution No. 10-68)

Marty Coressel, a resident of the South Beach area and member of the Rincon Point South Beach CAC, indicated that obviously we are all for this. As Monique would say, just give it the go and let's go. He appreciates that type of enthusiasm. He'd like to take the opportunity to address the Brannan Street Wharf, in which the CAC has not had a chance to do so. He referred to the Port of San Francisco document, Brannan Street Wharf design summary dated March 2010, specifically page number six. In regards to the interpretive wall concept, the interpretive wall concept has expanded itself as a top feature over the period of approximately two years. At this point in time the interpretive wall includes a full history of the area starting before 1850 all the way up to current and future items regarding rising tides. That includes Japanese and Chinese immigration, shipping, and also labor history. On behalf of the CAC, they strongly support this type of embedding of history of San Francisco into almost any project that we have the opportunity to do so along the port and along the waterfront.

ACTION: Commissioner Lazarus moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor. Resolution No. 10-68 was adopted.

9. MARITIME

A. Request approval of five year landing rights license agreement with San Francisco Water Taxi LLC for water taxi services to Hyde Street Harbor and Pier 1½. (Resolution No. 10-65)

Peter Dailey indicated that the Port has been working on trying to generate a new water taxi service for San Francisco for the last couple of years. Approximately two and a half years ago, Commissioner Lazarus attended a meeting at Pier 1 where the idea of water taxi was raised. That was when the economy was still doing well. It tanked since then and it gave Port staff a chance to do a little due diligence. The Port hired a consultant who prepared a report about water taxis showing what other cities have done around the world and gave the Port a chance to put out a request for information to various entities who might be interested in such a water taxi service.

The Port was able to find a local San Franciscan small business owner who currently operates the Bay Quackers, who was interested in starting up with a water taxi operation that will call initially at two locations on the waterfront. One of those locations is at Pier 1½, where the Port currently has an agreement for such a service as part of our lease with Pacific Waterfront Partners, LLC. The other is at Hyde Street Harbor. A water taxi is defined as a vessel that is less than 60 feet in length used for transporting passengers on point to point trips. The vessel needs to be Coast Guard certified for intercoastal passengers for hire and has a maximum capacity of 49 people. It will not be used as an excursion boat. It will not be used as a dining vessel. It is a water taxi.

Port staff have negotiated an agreement with a company called San Francisco Water Taxi, LLC. The agreement is five years with one five-year option. The landing sites are at Pier 1½ and the Hyde Street Harbor. The use is for water taxi service with passenger embarkation and debarkation at landing sites and for no other purpose.

They will pay the Port a percentage fee of 7 percent of gross revenues, which is similar to other agreements on the waterfront. They have paid a security deposit; they will provide the adequate insurance that is acceptable to the risk manager in the Port, and our license has the standard provisions that are in all of the current lease and licenses that the city has that have been approved by the city attorney's office in compliance with Port law, etc.

It's been a long haul and there were a couple bumps in the road but we're really close to it. It would have been great to have a water taxi on the water this weekend to get from Pier 1½ up to Hyde Street with all the people on the waterfront for Fleet Week. A small businessperson, a San Franciscan, is willing to invest some money and take a risk.

It's not a ferry or excursion. It will complement ferry operations like the taxicab does waiting in front of a BART station to take you to that point that the BART train can't take you to. He asked Port's Commission's approval of this agreement.

John Scannell, San Francisco Water Taxi, indicated that he's been with Bay Quackers for the last five years operating in San Francisco and the Bay. They

would like to introduce a point to point service to connect the dots between the waterfronts of San Francisco. About three and a half years ago they wondered why there wasn't a water taxi already in San Francisco, and seeing that there were many cities that had this kind of service, they investigated and took their time and did some research and then they approached the Port. The Port happened to be doing a study at the same time which was great timing and they were able to put everything together and connect the dots.

They're starting a small business in the toughest economy we've seen in a long time, and they're very excited about doing so. They're really excited about how we can be a part of the Port and contribute to the Port, as well as complement the existing ferry system. They want to see ferry ridership go up. If someone missed a ferry, they'd be able to call a water taxi and make their way back to wherever they were going. If they had to work late, or they had a social agenda, they would like to be Plan B. They're looking forward to working with the Port and thanked the Port for the opportunity.

Peter Dailey added that the agreement calls for San Francisco Water Taxi to get a boat in the water in the next six months. There has been a lot of interest in terms of the personnel on the boats and there has been a lot of discussion between the proposed tenant and with organized labor. They have crafted an understanding that can move forward and this operation can go forward. John Scannell has stated that he will pay prevailing wages, and that he is interested in working with organized labor to see if his employees want to be unionized or not.

Captain Ray Shipway introduced Sly Hunter, a 20+ year employee at Blue and Gold and a captain on the San Francisco Bay. They thanked John Scannell for the opportunity and the cooperation that they've forged over the last few months with regard to organized labor. They hit a few bumps on the road. He thanked John and the Port for this opportunity to provide the service and employment opportunities for their highly trained professional mariners deserve. Thank you also goes to Marina Secchitano of the Inland Boatman's Union. They met with John about two months ago to put together an agreement. John expressed his interest in helping with organized labor. They look forward to the opportunity.

Simon Snellgrove spoke in favor of the water taxi service. In 1999 on the dream of actually doing facilities that would accommodate a water taxi, Diane Oshima, Alec Bash and Doug Wong imagined this concept. They put together a proposal for Piers 1½, 3 and 5 and made it one of their "gives" to the waterfront. It is a fabulous opportunity. They've worked for 10 years and spent approximately $800,000 the first time building the water taxi, and then another $100,000 to rebuild and another $100,000 to rebuild it again. It's a work in progress. They're trying to figure out how to do water taxi landings in open water. They have worked with the Golden Gate National Recreation people. They have worked with the city of Sausalito, Tiburon to get landings. Port staff has adopted a mission of requiring the landings as each project is

built in the waterfront. The dream would be one day to be able to get from Palo Alto to Sausalito hopping on and hopping off. This is fledgling; it's a duckling. They're delighted that John Scannell has been recommended by the staff and hope that the Port Commission adopt the resolution. With people like Monique Moyer who can figure out how to refinance Pier 70 with bond funds and with all of the ingenuity around the Port, they would hope that everybody here can figure out ways to support this endeavor and maybe wire it into the America's Cup, which is how Auckland and Sydney got their water taxis.

Commissioner Fong indicated that for the record, the operator is Bay Quackers, not Ride the Ducks. Commissioner Fong commented that San Francisco is due for a water taxi system. He's proud to get this through and start on something. Simon spoke about even big things start small. He wished the operator, Mr. Scannell, the best of luck.

ACTION: Commissioner Lazarus moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor. Resolution No. 10-65 was adopted.

10. PLANNING AND DEVELOPMENT

A. Informational Presentation regarding joint planning with the Water Emergency Transportation Authority for the Downtown Ferry Terminal Expansion.

James Hurley, Planning and Development, indicated that this is an informational presentation to update the Commission on work that Port staff has been doing in cooperation with the Water Emergency Transportation Authority or WETA. In late 2008, the Port Commission authorized Port staff to enter into a Memorandum of Understanding with WETA to allow the two agencies to work together on the expansion of the downtown ferry terminal. WETA is a new agency that was created just a few years ago by state legislation to expand ferry service on the Bay and also to be able to respond in the case of disaster that may cause disruptions to the Bay Area's bridges and to BART service. That's the emergency part of WETA's mission. WETA is not yet operational but they are in the process of becoming a major new ferry operator on the bay. There is a lot that goes into building such an agency esser.tially from the ground up, and they are very busy preparing to begin their service. One of the things that they need to do is to develop the facilities they'll need for berthing the ferries and for loading and unloading passengers.

In addition to the actual ferry berths or terminals, there are a set of related physical improvements that are required such as passenger waiting and queuing areas, way finding systems, emergency staging areas, and the like.

For the first year since receiving authorization from the Port Commission and from the WETA board to enter into the MOU, not a lot has happened on our side with respect to this project other than working out the details of the

agreement and drafting the document itself, which was finally executed earlier this year. The MOU provides a framework for the two agencies to jointly plan for the expansion of the downtown ferry terminal in the Ferry Building area.

The project area extends all the way from Pier 1 on the north to the Pier 14 breakwater and public access pier on the south, and between the Embarcadero roadway and out into the bay.

Since entering into the MOU, the project has gained some momentum in the last few months. WETA has hired two consultant teams for this project; one is a design team led by Roma Design group, the other an environmental review team led by URS Corporation. For the past few months, Port and WETA staff have been working with the consultant teams to develop the planning concepts that will essentially be used as a starting point for this project. These concepts are the subject of the presentation that Jonathan Stern and they'll be used to inform the stakeholder outreach process that will help shape the design and development of the terminal expansion.

The key project area stakeholders that Port staff will be consulting with early in this process starting later this week include port tenants with long-term leasehold interests within the project area such as Equity Office Properties, tenants with shorter term lease interests or leases such as EOP's Ferry Building tenants and the Port's Ag building tenants, regulatory agencies such as BCDC and SHPO, the state historic preservation officer, and groups that represent broader neighborhood and citywide interests. Stakeholder outreach is about to begin with an initial round of interviews later this week and that process will take a few months.

Jonatnan Stern, Port Planning and Development, indicated that Port staff are very excited to be working with WETA staff; they are at a board retreat today and could not attend. They are transitioning from what started out as a very small agency to one in, a year or two, will be operating most of the ferry traffic on the bay. It's a very daunting task for them, and we're excited to partner with them.

There are two agencies and two sets of objectives. WETA is trying to put together and operate expanding the ferry system and having more berths to bring more ferryboats from all around the bay to San Francisco, which is the hub of the ferry system. The Port of San Francisco, at a staff level, have made some objectives to say, "If you're putting more ferries and more activity and building out the Ferry Building area, there is so much that's already happened here that we need to think through all of the planning issues." Maybe not every single square foot of land or pile supported structure, but what's going to happen here? Many of things that Port staff are concerned about are improving some of the areas that are still in dilapidated structure, thinking about the historic status of the Agriculture Building, etc.

The Ferry Building area was transformed quite a bit. There have been a lot of things that have happened. Behind the Ferry Building used to be fenced in; now there are people there every day. EOP has done a wonderful job inside the Ferry Building itself, and the farmers market has become an anchor tenant outside of it. There's a lot going on here, and there's a lot that still needs to happen.

Right now, this shows the area that Port staff can rightfully say has already improved in the Ferry Building that someone has worked on either on the Embarcadero roadway or the EOP. There's been a lot of improvement that's happened. There's a lot of it already under long-term leases, something that we need to consider. There's a lot of public usage. There are a lot of pedestrian and public access flows behind the building, through the building, etc. but there are things that need to be added. There is a continuation of the east walkway behind the building that we should think about. We should think about through connections all the way from the Ag building on the south to Pier 1 on the north to connect the whole area. Finally there are more eastward connections that need to be made to bring people to the water and especially bring new ferry passengers out to the water.

There are two areas that are in pretty poor condition in the Ferry Building area. They're not on the improvements list. One of them is Pier 1/2, which is currently red-tagged, and Pier 2 which has Sinbad's Restaurant and other places that are load restricted on the southern end of the Ferry Building area.

Staff would like t to engage the Port Commission, the WETA board and the public about the sketch concepts. On the north portion is Pier 1/2; there are issues about what will be left of Pier 1/2 for public access and Ferry Building usage. The Ferry Plaza behind the Ferry Building and areas surrounding the Ag building are the three areas he will address.

Ferry Plaza - we have a wonderful walkway through about half of the building, but in this orange area we're showing an area that doesn't have quite the same energy and connection, a lot of pedestrians move through that space. It's partially because it's very often occupied by other important area uses and allowed uses to load and unload things going on in the Ferry Building. Ferry Plaza has suffered somewhat. As a beginning thought, extending that walkway and creating a little bit of defended space for pedestrian uses could activate the back of the Ferry Building and also extend that connection.

Pier 1/2 - Under the current vision in the Waterfront Land Use Plan this is an area that should be used for ferry or for public access. We're considering whether it will be in its current rectangular form or be demolished and returned to the bay or other public access configurations.

The Ag building and the lagoon are areas that need closer study. There are ferry riders moving right through the lagoon. It is very likely that the current

Gate E will be where people embark and disembark from Treasure Island. That could be a lot of people once Treasure Island is fully built out.

The Ag building has a number of issues related to its historic restoration, not least of which is that it's even without sea level rise it's a structure that currently floods, which does not help our ability to maintain it. We are discussing about moving the Ag building slightly and raising it so that the flooding issue can be contained. There are many parts of the Ag building that are important for its preservation and maintaining its Port historic values, but there are certain portions of the building that are shown in the back portion that contribute less to the overall historic fabric. Whether those can be renovated, demolished, replaced are the things that will be studied as part of its preservation strategy.

Gates C and D are Golden Gate Ferries. They are doing their own planning and engineering work to renovate the waterside facilities. We're coordinating with them but not working fully within their leasehold. Gates B and E currently have the North Bay Services Valet and Tiburon on the north and Alameda, Oakland, and Harbor Bay on the south at Gate E.

WETA's staff has identified a number of services to add. Treasure Island and Redwood City on the south basin and a number of services, some of which will happen. Some of these options will happen on the north basin. Berkeley, Richmond, Hercules, Martinez and Antioch are all under consideration. Berkeley is by far the farthest along on that. The locations have to do with where they are in the planning process and how the actual physical connections work, whether the boats are coming from the North Bay or the South Bay.

Gates E and B are the primary gates. In a future phase, between 2013 and 2015, Gate A will be added, which is where the current Pier 1/2 is located. The issue of what will remain of Pier ½ has not been addressed. Gate E will be joined by Gate F, and one of those will be serving the new Treasure Island service.

Another option is the lagoon being filled, which is in its beginning concepts. The idea there is that it's really needed both for circulation issues to get people out there and also emergency gathering issues. If there is an emergency and WETA activates its E in its name, that is where those people are going to wait and queue in a safe manner to get out to San Francisco if there is an emergency during the workday.

Phase 3 adds on yet another gate. Three things change for Phase 3 in 2015 to 2025. One is current Gate E is expanded, and it is projected once Treasure Island is completely built out. They'll need front loading boats just like the Staten Island Ferry, very large boats. They open the gates and many, many people can on- and offload very quickly. That's one of the reasons those

surges will come through that area and why we're considering where those people are going to go and how the circulation patterns are going to work.

Gate F will be added all the way to the south, behind the Ag building to accommodate other services, the existing Oakland service, and a Redwood City service or some other expansion service that's under consideration, and an Ag building is shown moved back slightly to allow for a plinth to allow it to be raised and allow enough circulation space in front of it. These are all considerations of what we're moving forward.

Finally, it's not just about ferry berths that need to be added. The more and more ferry passengers there are in San Francisco, the more we have to make ferry travel an attractive method of travel. Right now one of the things that WETA has committed to its current and future customers is to have weather protection so you can actually take a ferry midwinter in San Francisco and not get drenched on the way there or on the way back.

Those of us who work on the waterfront know that can happen. We're talking very conceptual ideas of how to provide that weather protection. Do you provide it in terms of something on the float, off the float? Do you attach it to the building? Do you move the passengers into the building and they get more waiting area rather than a queuing area? There are a lot of issues and a lot of ways to handle those traffic flows and handle weather protection, and we are looking at that. This is one of WETA's number one goals in achieving expansion in this area.

The sketch concept is a starting point as we reach out both to the Port Commission and the WETA board as well as all the public interest groups and tenants in the area.

Next steps - we are going to start talking to stakeholders first. In 2011 we'll start having a series of public workshops or meetings where to refine these areas, show a number of options, and ultimately come back to the Port Commission with a range of options that will be studied in the CEQA/NEPA environmental clearance exercise.

Ultimately, in 2010-2013, we'll move forward with negotiating a lease or other arrangements with WETA to build the facilities and they'll move forward with the design.

Commission Brandon asked about funding for the project.

Jonathan Stern replied that WETA has some decent sources of funding for the ferry berths. These are very expensive projects, but they have funding sources both from regional tax dollars as well as some of the Prop 1C monies that were done for water transportation. They have some earmarks into those two sources of funding. They are funding this joint planning exercise for the most part. If you look at the red planning areas, these are a little grayer areas

of who is responsible for the funding. Some of the improvements in those areas especially the demolition of Pier 1/2 and Pier 2 and Sinbad's, are things that are called out in the Special Area Plan and the Waterfront Land Use Plan as specifically linked to expansion of the ferry terminals. In our MOU there is some contemplation that is a project expense. There are other areas that are not as clear about improvements behind the Ferry Building, improvements to Ferry Plaza that also intersects with some of the leasehold issues that we have. A lot of the issues we've talked about are currently under long-term lease, so there is going to be negotiation not just between the two agencies but other leaseholders in the area.

Commission Brandon asked about the Ag building?

Jonathan Stern replied that is a hard one. Ultimately, if we were in 2008 this would be a public private partnership that we'd offer in our traditional model to bring in a user or developer. Right now we're trying to plan this in such a way that this doesn't interfere with the preservation of the Ag building. We're not saying that the total renovation of the Ag building is part of this project. Essentially it's part of the program of future improvements that will be triggered by making these improvements. We've have not solved that as of yet.

B. Request authorization to award a Grant to Literacy for Environmental Justice, for Environmental Education Programs at Heron's Head Park and India Basin Open Space in an amount not to exceed $415,000. (Resolution No. 10-69)

Carol Bach, the environmental affairs manager in the planning and development division, asked Commission's authorization to award a grant for environmental education services to be provided at Heron's Head Park and India Basin Open Space for a term of up to four years in an amount not to exceed $415,000.

She thanked the Port Commissioners for voting every year when adopting the operating budget to fund these programs. What started as very small environmental education program when Heron's Head Park opened more than 10 years ago has really grown into a comprehensive environmental education program that is well utilized and very well loved. It has enabled the Port to develop an active and supportive constituency for Heron's Head Park. It's been a very good investment.

In July, she asked for Commission's approval to advertise the grant opportunity, and solicit grant proposals from nonprofit organizations to provide education programs at Heron's Head Park and India Basin Open Space, which is owned and operated by Recreation and Park Department. The reason that we wanted to partner with Rec and Park is that they own a small bit of natural area along the shoreline, the southern shoreline, of India Basin that has a similar but complementary shoreline habitat to Heron's Head Park. It offers the Port an opportunity to geographically expand the environmental

education programs which will enhance them in that way, and also offers the Port opportunity to access the Recreation and Parks Department existing infrastructure for public outreach, such as the work conducted by the director of volunteer services at Rec and Park and her staff, and Rec and Park's youth stewardship program, which involves urban youth in the care of the city's natural areas.

It was with excitement that we formed this partnership with Recreation and Parks and advertised the grant opportunity. With Port Commission approval at the meeting on July 13, we advertised the grant opportunity on August 3, 2010. Port and Rec/Park staff advertised the opportunity on each agency's Web site and by emailing directly to staff's network of professional affiliates who perform this kind of work and also to Web-based collaboratives that maintain their own Web sites where environmental education services organizations would look for grant or contract opportunities. Additionally, the Human Rights Commission sent the grant opportunity announcement to all of the HRC-certified LBE nonprofits in the city, which is about 40 organizations.

We assembled a selection committee comprised of the Recreation and Park Department's director of volunteer services, a Port gardener who has many years of experience working at Heron's Head Park and a community member in the southeast who is the chair of our Southern Waterfront Advisory Committee and very actively involved in environmental education. We felt that it was a good panel of experts who would be available to review any proposals that we got for this grant opportunity.

We had a pre-proposal conference on August 18, 2010. Representatives from four organizations that would potentially be qualified to provide these services attended. We got a lot of good questions at the meeting, by phone, by email, and it seemed that there was a lot of interest in the opportunity but when proposals were due on September 3 we received only one, and that was from Literacy for Environmental Justice, or LEJ.

While that may not seem like an overwhelming volume of response, it was an excellent quality of response. LEJ submitted an outstanding proposal that was very responsive to the RFP and the Port's needs as they were described there. Interestingly, LEJ's proposal included as partners two nonprofit organizations that had formerly competed for this environmental education services when we had offered it previously as a contract. Those organizations are the Golden Gate Audubon Society and the Marine Science Institute.

That is a real win for everyone involved, because especially for these small nonprofits we get much more value when they cooperate and collaborate to make their services funded and available than if they're competing against one another. LEJ's partners will enhance the quality of the programs and it also gives an opportunity for other organizations to get involved and participate in at Heron's Head Park.

LEJ added two other partners to its proposal, and those are the Exploratorium Teachers Institute and the Stewardship and Environmental Education Collaborative, which is a group of environmental education service providers who serve the San Francisco schools. Their proposal includes one subcontractor, a for-profit PR and communications consulting firm. It's a small minority- and women-owned business.

The selection committee reviewed LEJ's proposal and unanimously agreed that it was a good proposal, responsive to the RFP and should be recommended for award.

The last time she presented this item, Commissioner Brandon asked a great question which was- what does $110,000 get you? Considering LEJ's proposal, what $110,000 would get us is one full-time equivalent park staff, and that includes hours for both a park ecologist and an environmental education leader; 10 canoe trips serving 27 kids each and led by the Marine Science Institute; a year-round teachers training program for 25 middle- and high school science teachers who will ultimately themselves be impacting 800 students; a branding and communications plan for the Port to highlight its efforts on the southeast waterfront, the value and the benefits of the parks that are there, and the Port's role in the environmental education programs; family-focused birding activities led by the Golden Gate Audubon Society; approximately 400 native plants and a limited number of hours for a habitat restoration technician to tend to those plants; and various education program materials and supplies. An impressive presentation for $110,000.

However, although matching funds were not a requirement of the RFP, because LEJ is a nonprofit and has a proven track record in the environmental education community it was able to secure financial commitments from other funding entities outside of the city. Those are the U.S. Fish and Wildlife Foundation, the California Coastal Conservancy, the U.S. EPA, the Heller Foundation, and the Kimball Foundation.

Considering the financial commitments that those organizations have made to the environmental education programs at Heron's Head Park and India Basin Open Space, LEJ is bringing another $110,000 worth of services. What does another $110,000 in matching funds get us? It increases the funding for park staff so that you would have 1.6 full-time equivalent employees working out there at the park every day. It gets you a full-time AmeriCorps member for nine months. We've had AmeriCorps members working at Heron's Head Park for the last several years; they're recent college graduates trying to get started in their careers and they bring just an amazing amount of energy and ability to these programs. Talk about bang for your buck; it just doesn't get any better than that. We also get 40 percent of the EcoCenter program manager's time.

LEJ has a full-time staff person who will be managing the EcoCenter, planning and implementing programs there, and with this additional funding 40 percent of her time will be dedicated to the environmental education

program funded by the Port. We get additional funds for tools and supplies and partnerships. For the Port's investment of $110,000 a year grant, LEJ is proposing to provide $220,000 worth of services annually.

Port staff recommends that the grant be distributed in two phases: the first phase from October 2010 through September 2012, based on the funding that has been allocated for the next two years and the program of services that LEJ has presented in their proposal; and then a two-year extension for the subsequent period October 2012 through September 2014 for additional funds and services. That two-step process will enable Port staff to make any changes in the program based on changes in availability of funding or changes to the scope of services that we might want to make based on changes in the site or the program's needs.

Carol Bach asked for Port Commission's authorization to award the grant for up to four years in an amount not to exceed $415,000 to Literacy for Environmental Justice.

She introduced Malik Looper, the executive director of LEJ; Karen Peluso, the Ship Program Manager from the Marine Science Institute; Noreen Weeden, the chair of the San Francisco Conservation Committee of the Golden Gate Audubon Society; and Linda Shore, the director of Exploratorium's Teachers Institute.

Malik Looper indicated that Carol's presentation was very detailed. They appreciate the Port's investment in the waterfront, especially in the southern area of the waterfront. They are eager to build on the partnership with the Port, and their partners, and they believe their proposal will be a wise investment into the waterfront.

Karen Peluso, Marine Science Institute, thanked the Port for the opportunity to collaborate with them. They are going to be offering the canoe programs to get the chance to get people out onto the water, which seems to be something that not everyone in the Bay Area gets a chance to do. They are really excited about this opportunity.

Noreen Weeden, project manager with Golden Gate Audubon, indicated that Golden Gate Audubon advocated for the creation of Heron's Head Park, and they've worked together with LEJ for many years. They supported LEJ's work in the community and they look forward to partnering on environmental education at the EcoCenter, Heron's Head Park and in India basin. She thanked the Port for the opportunity to participate in an important Port-funded program.

Linda Shore, director of the teacher institute at the Exploratorium, indicated that it's an honor for her to do this. She talked about how important LEJ's work has been to what the Exploratorium is doing. In the near future, they will be moving their location to an area just down the road. An important part of

what they do in the program is teach teachers how to engage in the environment, engage in place-based education and use the waters of the Bay. Their partnership with LEJ has allowed them to use their facilities to test some of the ideas that they want to carry out when they move but more importantly, what is really exciting about working with LEJ is that their teachers have been able to learn about that part of the city, learn about how to use their building, how to use their facilities, and how to bring environmental justice back into their science classrooms. For every teacher they serve at least 150 students in San Francisco Unified are directly served by what they learn. The Port's support leverages the future, basically, in helping our youth. She thanked the Port and strongly urged them to fund this incredible program and this incredible project.

Commissioner Brandon commended Carol for a wonderful presentation and thanked Malik for doing such a wonderful job in collaborating with so many other agencies and organizations to bring more resources to Heron's Head. As we're looking at expanding the entrance to Heron's Head Park she hopes that while we're in that process we're also looking for additional funding so that this wonderful group can keep that area activated and there is funding available once it's complete. If she can support them in any way, let her know.

Carol Bach indicated that we intend for this program to include the expansion of Heron's Head Park, but her point is well taken about looking for additional opportunities. That's actually one of the reasons why we included that PR and communications plan pieces is we feel like there is so much going on in the southeast waterfront parks right now with the Blue Greenway and the Heron's Head Park expansion and bringing India Basin Open Space into the fold with the environmental education programs that we really want to highlight for people what the opportunities are there. That will help cultivate future opportunities as well.

Commissioner Fong indicated that this is a great program. Anyone who attended the opening of the EcoCenter got a sense of the possibilities there. This programming will expose more kids and hopefully families and parents and people who can help with the funding for the area and grow that park. He is in support of this project.

Commissioner Lazarus echoed her fellow Commissioners' comments that this is a wonderful example of collaboration. She's very excited to see this happening in that part of the waterfront and Carol has demonstrated real leadership in all of this. She remembered back to some of her first days on the Commission talking about this program and it's great to see it grow and spread and involved more and have even a bigger vision of what can happen with a not-so-large amount of money.

Carol Bach thanked the Commissioners and she digressed back to her first year on the job, when we were going to BCDC trying to get approval for the whole Heron's Head Park concept. At one of the meetings a BCDC

commissioner said, "We don't buy this. The Port's not going to take care of this thing. They're going to build it and then they're not going to do anything with it." We proved him wrong.

ACTION: Commissioner Lazarus moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor. Resolution No. 10-69 was adopted.

11. NEW BUSINESS

Executive Director Monique Moyer informed the Commission that at the October 26, 2010 meeting, Peter Dailey has graciously agreed to sit in for her as she will be taking vacation time to attend Maria Shriver's Women's Conference in Long Beach. She hopes that the Fleet Week group can join us on that day.

12. PUBLIC COMMENT

Corinne Woods indicated that she has not been attending the meetings in a while but she thanked the Commission for hanging in there even though there's not a full complement of the Commission. She is going to miss Commissioner Fong tremendously. She congratulated him on his nomination to the Planning Commission. He will definitely be missed as he has done such a wonderful job here at the Port.

13. ADJOURNMENT

ACTION: Commissioner Lazarus moved approval to adjourn the meeting; Commissioner Brandon seconded the motion. All of the Commissioners were in favor.

Commission President Rodney Fong adjourned the meeting at 4:35 p.m.

SAN FRANCISCO PORT COMMISSION

Rodney Fong, President
Kimberly Brandon, Vice President
Ann Lazarus, Commissioner

Monique Moyer, Executive Director
Phone: 415-274-0400; Fax: 415-274-0412

Amy Quesada, Commission Secretary
Phone: 415-274-0406; Fax: 415-274-0412

AGENDA
TUESDAY, OCTOBER 26, 2010
2:30 P.M. CLOSED SESSION
3:15 P.M. OPEN SESSION
PORT COMMISSION HEARING ROOM, SECOND FLOOR
FERRY BUILDING, SAN FRANCISCO, CA 94111

26/10

PLEASE NOTE THE TIME OF THE MEETING

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk.

If any materials related to an item on this agenda have been distributed to the Port Commission after distribution of the agenda packet, those materials are available for public inspection at the Port Commission Secretary's office located at Pier 1 during normal office hours.

1. **CALL TO ORDER / ROLL CALL**

2. **APPROVAL OF MINUTES** - October 12, 2010

3. **PUBLIC COMMENT ON EXECUTIVE SESSION**

4. **EXECUTIVE SESSION**

GOVERNMENT
DOCUMENTS DEPT

OCT 22 2010

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A. Vote on whether to hold closed session.

An Executive Session has been calendared to discuss the following matters:

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTERS (Discussion and Action)

(a) Discuss existing litigation matter pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d):

- In re: Mama Franceschi's LP, United States Bankruptcy Court, Northern District of California San Francisco Division Chapter 11 (Case No. 10-30109)

Mama Franceschi's LP's legal predecessor entered into Lease No. 8993 with the Port for premises commonly known as 498 Jefferson Street (the "Lease"). Mama Franceschi's LP also operates an outdoor dining area adjacent to the premises under Sidewalk Encroachment Permit and Revocable License E-14107 (the "Sidewalk License"). Mama Franceschi's LP filed for bankruptcy under Chapter 11 on January 15, 2010 and is pursuing assumption of the Lease. The Port filed a proof of claim in the bankruptcy matter for rent withheld by Mama Franceschi's LP as payment for certain improvements to the premises.

Proposed Action: Approve and authorize the Executive Director or her designee to execute a settlement agreement with Mama Franceschi's LP, subject to approval by the Bankruptcy Court, requiring the following: (1) Mama Franceschi's LP to pay to the Port Forty Thousand Dollars ($40,000) over a period of nine months for past due rent; (2) upon payment in full, Mama Franceschi's LP to assume the Lease pursuant to the bankruptcy proceedings; (3) Mama Franceschi's LP to perform specified actions to cure existing non-monetary defaults under the Lease and Sidewalk License; (4) Mama Franceschi's LP to enter into a new license with the Port for the use and maintenance of utilities serving the restaurant located outside the leased premises; (5) immediate surrender of the Lease and Sidewalk License to the Port if Mama Franceschi's LP fails to meet all of the preceding conditions; (6) Mama Franceschi's LP releases Port from claims arising from the unpaid rent and Port releases Mama Franceschi's LP from claims arising from the lease defaults and (7) other terms and conditions of the settlement agreement on file with the Port Commission Secretary.

(b) Discuss existing litigation matter pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d):

- City and County of San Francisco, et al. v. Regal Stone, Ltd, et al, Monterey County Superior Court, Case No. M98178 (transferred from San Francisco Superior Court, Case No. CGC-07-469876)

Proposed Action: Authorizing the Port to recommend to the Board of Supervisors approval of a settlement with Regal Stone, Ltd., et al. requiring the payment of $3,717,096.52, consisting of $1,676,181.87 for reimbursement of cost in response to the Cosco Busan oil spill of November 7, 2002; $665,000 for restoration projects arising out of harm to recreational use of shoreline; $201,000 for restoration projects arising

out of harm to recreational boating; $259,000 for restoration projects arising out of harm to recreational fishing; $500,000 for reimbursement of attorneys' fees; and $415,914.65 for reimbursement of consultants' fees.

5. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

6. ANNOUNCEMENTS

A. **Announcement of Prohibition of Sound Producing Devices During the Meeting**

Please be advised that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

B. **Announcement of Time Allotment For Public Comments**

Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

7. EXECUTIVE

A. Executive Director's Report

- American Planning Association's Announcement of Top 30 Great Places in America for 2010 – October 13, 2010 at 10 a.m.
- Groundbreaking of Exploratorium Project at Piers 15/17 – October 19, 2010
- World Polio Day Fundraising and Awareness Events – October 24, 2010
- 10th Anniversary Celebration of the Harry Bridges Project – November 10, 2010 at 5:30 p.m.

8. CONSENT

A. Request authorization to accept and expend $15,200 in grant funding from the California Department of Boating and Waterways Abandoned Watercraft

Abatement Fund for removal and demolition of abandoned recreational watercraft on the Port waterfront. (Resolution No. 10-70)

B. Accept the Port's First Quarter Contracting Activity Report - Fiscal Year 2010/11 for the July 1, 2010 through September 30, 2010 Reporting Period.

9. ENGINEERING

A. Informational presentation on the proposed adoption of the 2010 Port Building Code which incorporates the 2010 California Building Code and includes provisions for green building design and expedited review of photovoltaic energy systems.

10. PLANNING AND DEVELOPMENT

A. Request approval of the Cooperative Agreement between the San Francisco Bay Area Rapid Transit District (BART) and the City and County of San Francisco, through the Port of San Francisco for a term of 66 years for the installation, use and maintenance of security barriers on and under the Ferry Plaza, subject to Board of Supervisors approval and to BART entering into agreements with Ferry Plaza Limited Partnership, Equity Office Partnership, and Golden Gate Bridge Highway and Transportation District for use of the property currently under agreement to each. (Resolution No. 10-71)

11. REAL ESTATE

A. Request approval of a proposed short-term lease(s) with For Whom Productions for office space located at 501 Cesar Chavez, Pier 80, Shed D, Pier 80 M&R Building, Pier 80 paved land, and a portion of Seawall Lot 356 with a modified rent schedule plus in-kind services for a combined value of market rate rent to the Port of San Francisco. (Resolution No. 10-72)

12. NEW BUSINESS

13. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

14. ADJOURNMENT

FORWARD CALENDAR (Targeted Commission meeting, subject to change)

- Informational presentation on Response to Pier 70 Waterfront Site Request for Qualifications (December 14, 2010)
- Request authorization to award Contract No. 2741, Marine Structural Projects III, which includes the Pier 35 Superstructure Repair, Pier 33 Marginal Wharf Substructure Beam Repair, and the Pier 50 Valley Substructure Repair (December 14, 2010)
- Request authorization to advertise for competitive bids for Construction Contract No. 2727, Pier 43 Bay Trail Link (December 14, 2010)
- Request adoption of the 2010 Port Building Code which incorporates the 2010 California Building Code and includes provisions for green building design and expedited review of photovoltaic energy systems (December 14, 2010)
- Request Rescission of First Amendment to Lease No. L-12090 with Darling International, Inc., for premises located at Seawall Lot 344 and Pier 92 and Approval of Modified First Amendment to Lease No. L-12090 to expand the permitted uses to include construction and operation of a biodiesel production facility in compliance with a Port-approved operations plan and adopting California Environmental Quality Act findings (December 14, 2010)
- Request Port Commission to direct staff to further develop a preferred concept plan for the James R. Herman Cruise Terminal at Pier 27, located along the Embarcadero at Lombard Street (December 14, 2010)
- Request approval of new form License (Landing Rights Agreement) including new rate structure and fees, authorize the Executive Director to enter into the form License with ferry and excursion operators and authorize the Executive Director to make additions, amendments or other modifications to the form License (December 14, 2010)
- Request approval to apply to the Foreign Trade Zone Board, on behalf of Valero Energy Corporation, to establish a Foreign Trade Zone Subzone at Valero's Benicia, CA petroleum refinery (December 14, 2010)
- Request approval of the Port of San Francisco's Proposed 2010 Retail Leasing Policy (January 2011)
- Informational presentation of design standards addressing circulation, access and adjacent tenant improvements for The Embarcadero Promenade which is the Bay side multi-use pathway along The Embarcadero Roadway, extending from Pier 35 to China Basin (Date to be determined)
- Request authorization to award Construction Contract No. 2732, Mission Bay Shoreline Protection for Bayfront Park Project (Date to be determined)
- Request approval of Lease No. L-14814 with Andre-Boudin Bakeries, Inc., a California Corporation, for a seven-year restaurant lease for premises located at 2890 Taylor Street (Date to be determined)
- Request approval of the Port's Interim Leasing Policy for Historic Structures. (Date to be determined)
- Request approval of a one-year interim license agreement, and approval to seek Board of Supervisor approval of a 66-year lease/easement agreement and a 66-year right to use permit/agreement, between the Port and Peninsula Corridor Joint Powers Board, for use of property located along Seventh Street in the Mission Bay

Redevelopment Area to support existing passenger rail uses for public purposes (Date to be determined)

- Request authorization to enter into a Memorandum of Understanding with the San Francisco Municipal Transportation Agency for the Port of San Francisco to relinquish its rights to cargo freight rail service north of Cesar Chavez along Illinois Street (Date to be determined)

COMMUNICATIONS TO THE PORT COMMISSION FROM October 8, 2010 TO OCTOBER 21, 2010

- From Dr. Elisa Stephens, President of the Academy of Art University, copy of a report entitled, "Economic and Cultural Contributions to San Francisco and the Bay Area

NOVEMBER/DECEMBER 2010
CALENDAR OF UPCOMING PORT MEETINGS – OPEN TO THE PUBLIC

DATE	TIME	GROUP	LOCATION
November 9	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
CANCELLED	3:15 p.m.	Open Session	@ Ferry Building
December 14	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building

NOTES:

The San Francisco Port Commission meets regularly on the second and fourth Tuesday of the month at 3:15 p.m., unless otherwise noticed. The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com. Contact Amy Quesada at 274-0406. The Port Commission meetings can be viewed online at ht*p://sanfrancisco.granicus.com/ViewPublisher.php?view_id=92. The Port Commission meetings are also broadcasted on the 2nd & 4th Thursday of the month at 9 p.m. on Comcast Cable Channel 26 or Astound Cable Channel 78 (formerly RCN Cable).

The Fisherman's Wharf Waterfront Advisory Group (FWWAG) meets regularly on a bi-monthly basis, on the third Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Michael Nerney @ 274-0416 or michael.nerney@sfport.com

Starting January 21, 2010, the Maritime Commerce Advisory Committee (MCAC) will meet every other month, on the third Thursday of the month, from 11:30 a.m. to 1:00 p.m. @ Pier 1. Contact Jim Maloney @ 274-0519 or jim.maloney@sfport.com

The Mission Bay Citizens Advisory Committee meets on the 2nd Thursday of the month at 5:00 p.m. at 1700 Owens Street, 2nd Floor. Parking validation is available. Contact Catherine Reilly, San Francisco Redevelopment Agency, at catherine.reilly@sfgov.org.

The Northeast Waterfront Advisory Group (NEWAG) meets regularly on a bi-monthly basis on the first Wednesday of the month from 5:00 p.m. to 7:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jonathan Stern @ 274-0545 or jonathan.stern@sfport.com

The Central Waterfront Advisory Group (CWAG) meets monthly on an as-needed basis, generally on the third Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or mark.paez@sfport.com

The Rincon Point-South Beach Citizens Advisory Committee meets on a quarterly basis, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine.Reilly/REDEV/SFGOV@SFGOV

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david.beaupre@sfport.com

The Waterfront Design Advisory Committee (WDAC) meets jointly with the Design Review Board of the Bay Conservation and Development Commission on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. The Committee meets as needed on the fourth Monday of the month at 6:30 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625 or dan.hodapp@sfport.com

FERRY BUILDING:

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
B) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

PIER 1:

The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.

Accessible meeting information policy:

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance:

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Frank Darby by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at sotf@sfgov.org. Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Darby or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at http://www.sfgov.org/sunshine.

NOTICES

Prohibition of Ringing of Sound Producing Devices:

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

Lobbyist Registration and Reporting Requirements:

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.

PORT OF SAN FRANCISCO

MEMORANDUM

October 21, 2010

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Kimberly Brandon, Vice President
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Request authorization to accept and expend $15,200 in grant funding from the California Department of Boating and Waterways Abandoned Watercraft Abatement Fund for removal and demolition of abandoned recreational watercraft on the Port waterfront.

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Funding Overview

In October 1997, Senate Bill 172 (Rainey) created the California Department of Boating & Waterways' (DBW) *Abandoned Watercraft Abatement Fund*, providing for a grant program available to public agencies for removal and demolition of abandoned recreational vessels from navigable waterways.

The Project

In March, Port staff identified seven abandoned recreational water vessels in the Fisherman's Wharf area, and applied to DBW for $15,200 in grant funding to properly dispose of them. The total application amount was based on cost estimates provided by marine salvage contractors for removal and demolition work. On August 16, 2010, Port staff received an award letter from DBW for the full amount requested. This program requires 10% in matching funds from the Port, which Port staff intend to provide through in-kind services.

DBW requires that the Port indemnify the State of California, its officers, agents and employees from any and all claims that arise in connection with the performance of the proposed grant agreement, and that all funding from this grant be expended no later than June 30, 2011.

THIS PRINT COVERS CALENDAR ITEM NO. 8A

Removal of the abandoned watercraft will not only beautify San Francisco's waterfront, but also greatly improve boating safety by reducing navigation hazards and potential environmental dangers.

Port Commission Action

Port staff seek Port Commission authorization for the Executive Director to accept and expend $15,200 in grant funds from DBW.

Prepared by: Hedley Prince, Harbormaster, Fisherman's Wharf
Maritime Division

Daley Dunham, Special Projects Group
Executive Division

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 10-70

WHEREAS, In October 1997, Senate Bill 172 (Rainey) created the Abandoned Watercraft Abatement Fund, providing for a grant program available to public agencies for removal and demolition of abandoned recreational vessels from California navigable waterways; and

WHEREAS, Port staff have identified seven abandoned recreational vessels within the Port's jurisdiction that pose potential navigation and environmental hazards; and

WHEREAS, In March 2010, the Port applied to the California Department of Boating and Waterways (DBW) for Abandoned Watercraft Abatement Fund monies for removal and demolition of seven derelict vessels; and

WHEREAS, On August 16, 2010, DBW awarded the Port $15,200 for this purpose; now, therefore, be it

RESOLVED, That the San Francisco Port Commission hereby authorizes Port staff to accept and expend $15,200 in grant funds from DBW for removal and demolition of abandoned watercraft within the Port's jurisdictional area, including Fisherman's Wharf; and, be it further

RESOLVED, That the San Francisco Port Commission hereby authorizes the Executive Director or her designee to execute any grant agreement or documents necessary for the purpose of obtaining and expending these grant funds, including any extensions, augmentations or amendments thereto; and, be it further

RESOLVED, That the San Francisco Port Commission hereby indemnifies the State of California, its officers, agents and employees from any and all claims that arise in connection with the performance of the proposed grant agreement; and, be it further

RESOLVED, That the San Francisco Port Commission hereby authorizes the Executive Director to seek Board of Supervisors approval to accept and expend the grant funds awarded by DBW to the Port under the Abandoned Watercraft Abatement Fund.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of October 26, 2010.

Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

October 21, 2010

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Kimberly Brandon
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: First Quarter Contracting Activity Report - Fiscal Year 2010/11 for the July 1, 2010 to September 30, 2010 Reporting Period

DIRECTOR'S RECOMMENDATION: Informational Item – No Action Required

INTRODUCTION

The purpose of this report is to provide regular reporting of the Port's contracting activities as legally required by the City and County of San Francisco through its Administrative Code and based upon policies and practices adopted by the San Francisco Port Commission.

SUMMARY

This report includes: 1) 1st Quarter of Fiscal Year 2010/2011 Contracting Activities; 2) projected upcoming contracting activities; 3) a summary of the Executive Director's use of her delegated authority under Port Commission Resolution No. 10-60 and use of interim authority to execute contracts in the Fisherman's Wharf area under Port Commission Resolution No. 10-56; and 4) staffing changes for classifications that Local 21 represents. This report also includes more detailed information in the attached exhibits:

Exhibit 1: Further background information describing the reasons for this report;
Exhibit 2: Detailed Contracting Activity for 1st Quarter FY 2010/11;
Exhibit 3: Projected Upcoming Contracting Activity

THIS PRINT COVERS CALENDAR ITEM NO. 8B

1. 1st Quarter, FY 2010/2011 Contracting Activities Report

Port of San Francisco **exceeded** the 20% Local Business Enterprise (LBE) subcontracting participation goal for its contracts with the participation level at 31.49% for this quarter.

Total contracting activity for 1st Quarter Fiscal Year 2010/2011 is as follows:

Type of Transaction	# of Transactions	Total Dollar Amt.	LBE Amount	LBE %
As-Needed CSOs	9	$ 452,701	$ 95,448	21.08%
Construction	6	$1,944,567	$625,446	32.16%
Professional Services	0	-	-	-
General Service (IT)	0	-	-	-
Micro-LBE Set-Asides	1	$ 49,500	$ 49,500	100%
Total LBE Participation	**16**	**$2,446,768**	**$770,394**	**31.49%**
LBE Exempt Contracts	1	$1,000,000	$0	0%
Total All Transaction	**17**	**$3,446,768**	**$770,394**	**22.35%**

For a detailed report of the contracting activities for 1st Quarter Fiscal Year 2010/2011, please refer to *Exhibit 2.*

Several newer as-needed contracts include LBE Joint Venture participation in addition to the subcontracting/subconsulting participation. Port staff are tracking the LBE Joint Venture participation to assure compliance with the requirements for such LBE participation as well. This status of LBE Joint Venture participation based upon the agreed split of contract proceeds is as follows:

Cumulative As-Needed LBE Joint Venture Participation:

As-Needed	JV Split	LBE JV %	LBE Sub %
Engineering As Needed Contracts			
Creegan & D'Angleo/ F.E. Jordan JV	60/40	4%	23.3%
Winzler & Kelly/ SDE JV	60/40	51.3%	22.3%
URS/AGS JV	60/40	17%	22%
Environmental As-Needed Contracts			
Baseline	N/A	N/A	-
Tetra Tech/AEW JV	55/45	-	-
Weiss Associates	N/A	N/A	-

Work is awarded under as-needed contracts using Contract Service Orders. Contract Service Orders issued to date for engineering as-needed contracts resulted in overall compliance with LBE subconsulting participation, exceeding the 20% goal. We are continually monitoring LBE Joint Venture participation to assure that at the end of the contract period, those LBE participation requirements are met.

No Contract Service Orders were issued through this quarter for the as-needed environmental services contracts as these new blanket Master Agreements were only executed during this reporting period.

New As-Needed Blanket Master Agreements Contract Awarded 1st Quarter FY 2010/2011:

Consultant	Title of Master Agreement	Contract Amt.	LBE %	Start Date	End Date
Baseline	As-Needed Environmental Consulting and Related Professional Services	$1,000,000	20%	8/1/2010	7/31/2013
Tetra Tech/AEW Joint Venture	As-Needed Environmental Consulting and Related Professional Services	$1,000,000	20%	8/1/2010	7/31/2013
Weiss Associates	As-Needed Environmental Consulting and Related Professional Services	$1,000,000	20%	8/1/2010	7/31/2013
	Total	**$3,000,000**			

The San Francisco Human Rights Commission (HRC) confirmed that all of the above firms committed to meeting or exceeding the 20% LBE subcontracting participation goal for the life of the contract.

$200,000 As-Needed Contracting Authorization

Chapter 6.64 of the San Francisco Administrative Code limits contract service orders to a maximum of $200,000 per public works project. Contract Service Orders exceeding $200,000 require written justification by the department head establishing the urgency to perform the work under as-needed contracts rather than through a formal competitive procurement. During this reporting period, no as-needed contracts required approval to exceed the $200,000 Contract Service Order limit as established by Chapter 6.64 of the San Francisco Administrative Code.

2. Projected Upcoming Contract Activities for Upcoming Year - Summary

The following table is an illustration of the number and dollar value of projects identified to be pursued by the Port over Fiscal Year 2010/2011.

Type of Transaction	Number of Transactions	Estimated Dollar Amount
As-Needed CSOs	25	$ 5,765,100
Construction	5	$31,863,000
Professional Services	0	$0
General Services (IT)	5	$ 4,125,000
LBE Exempt	1	TBD
Micro-LBE Set-Asides	1	$ 68,000
Delegated Authority	1	TBD
TOTAL	**38**	**$41,821,100**

See *Exhibit 3* for detailed descriptions of the projected contracts for Fiscal Year 2010/2011. This proposed work is dependent upon a number of factors which includes whether or not City staff are available with the required expertise to perform the work. With the exception of work to be performed under as-needed contracts, all contracted professional services work requires Civil Service Commission approval. In many instances, the dollar amount and methods of providing the services have not yet been determined.

3. The Executive Director used her interim authority (Port Commission Resolution No. 10-56) to execute one contract amendment to a project located within the Fisherman's Wharf area. That authority consisted of an amendment to the contract with Gerwick/SDE Joint Venture for Pier 43 Promenade design services. The amendment revised the scope of services to incorporate unanticipated BCDC/WDAC design review changes as well as design services required to add sections of pile supported concrete structure. The fee for these additional services was made available by reallocating fees from the Design Construction Administration phase to the Design Development phase. Thus, the change in contract amount was negligible. It is anticipated that additional funds will be required to cover the reallocated Design Construction Administration fees.

The Executive Director did not use her delegated authority to execute contracts under the dollar thresholds permitted by Resolution No. 10-60. However, it is anticipated that the Executive Director will execute the award of the Pier 70 Hazardous Building Materials Survey contract during the upcoming quarter using delegated authority.

4. Local 21 Staffing Activity for 1st Quarter Fiscal Year 2010/2011

Staffing Activities for 1st Quarter Fiscal Year 2010/2011
(July 1, 2010 - - September 30, 2010)

Class	Title	Activities
Hires/Appointments		
1244	Sr. Personnel Analyst	Permanent/Full-Time; start work date 06/28/2010
1652	Accountant II	Permanent/Full-Time; start work date 07/12/2010
1652	Accountant II	Permanent/Full-Time; start work date 06/28/2010
1824	Principal Admin Analyst	Reassignment of employee from Real Estate Section upon retirement of incumbent effective 06/12/10
5268	Architect	Prop F Appointment; start work date 07/12/2010
5382	Student Design Trainee III	As-needed; start work date effective 07/01/2010
9386	Sr. Property Mgr, Port	Permanent/Full-Time; start work date 10/02/2010
9395	Property Mgr, Port	Prop F Appointment; start work date 07/19/2010
Separations/Vacancies		
1043	IS Engineer - Senior	Re-class from 1024 FY 2010/11
1053	IS Business Analyst - Senior	New Position FY 2010/11
1070	IS Project Director	Re-class from 1054 FY 2010/11
1652	Accountant II	Incumbent retired effective 06/26/10
1824	Principal Admin Analyst	Vacancy due to reassignment of employee to Maritime Section
1824	Principal Admin Analyst	Incumbent retired effective 01/09/2010
5382	Student Design Trainee III	One (1) FTE; As needed positions for Planning & Development
5502	Project Manager I	New Position FY 2010/11
5504	Project Manager II	New Position FY 2010/11
5602	Utility Specialist	Vacancy due to vesting retirement of employee effective 10/16/10 (vesting)
9395	Property Mgr, Port	Vacancy due to promotion of employee effective 10/02/2010

This concludes the summary of regularly required reporting information.

RECOMMENDATION

The above report is submitted to meet the requirements stated in the report Background attached hereto. Port Staff requests the Port Commission's acceptance of this report.

Prepared by: Norma Nelson, Contract Manager
Prepared for: Elaine Forbes, Deputy Director
Finance & Administration

EXHIBIT 1

BACKGROUND

The purpose of this report is to comply with legal and policy mandates for the City and County of San Francisco and Port Commission. These legal and policy requirements are primarily based upon the following:

1. "As-Needed" contracting requirements as promulgated by Section 6.64 of the San Francisco Administrative Code and a Letter of Agreement with Local 21 International Federations of Professional and Technical Employees Association (IFPTE). There is a $200,000 limit on use of as-needed contract services per each single public works project; not including general planning or non-construction related professional services such as real estate economics as-needed contracts.

2. Local 21 Union for the IFPTE and the City and County of San Francisco Department of Public Works requested that the Port include the following additional information in the subject quarterly reports, as it applies to the use of as-needed professional service contracts:
 • Contracting activity for the current reporting period
 • Anticipated contracting activity for the upcoming quarter
 • Estimated staffing numbers and projects related to the as-needed contract services.

3. San Francisco Administrative Code Section 14(b) requires all departments and contract awarding authorities to report to the Mayor on their progress in the preceding fiscal year toward the achievement of the LBE goals and their steps to ensure non-discrimination against MBEs (Minority Business Enterprises), WBEs (Women Business Enterprises) and OBEs (Local businesses other than MBE or WBE). Quarterly reporting is required pursuant to Administrative Code Section 6.64.

 The Port of San Francisco has been assigned by the San Francisco Human Rights Commission (HRC) an overall Disadvantaged Business Enterprise (DBE) or Local Business Enterprise (LBE) subcontracting participation goal of 20%. This means that on an annual basis, 20% of all (excluding LBE Joint Venture Prime contract participation) of contracted work procured by the Port of San Francisco must be awarded to Local Business Enterprises or the contractor must have demonstrated a good faith effort to do so.

 In the award of leases, franchises, concessions, and other contracts not subject to the discount provisions of Administrative Code Section 14(b), contract awarding authorities such as the Port shall utilize the good faith effort steps to maximize opportunities for LBE participation, as deemed practicable to do so. At the minimum, contract awarding authorities should notify LBEs that are certified to perform the work contemplated in a contract and solicit their interest in the contract. These good faith effort steps are described in each solicitation for a Port

lease, franchise, concession and other contracts such as development agreements.

Definitions

1. *As-needed Professional Service Contracts* include professional service contracts procured on a request for qualifications basis to establish a pool of Master Agreements in which work is contracted under task orders or Contract Service Orders (CSOs), as needed to complete work required on an immediate basis that cannot otherwise be performed by existing City and County of San Francisco staff. The Executive Director delegates authority to Deputy Directors to execute Contract Service Orders up to $200,000. The Port has twelve as-needed master contracts that have a total authorized contracting capacity of $10,700,000 to date.

2. *Professional Service Contracts* procured through a *formal competitive* contracting process
- contracts valued greater than $100,000.

3. *Professional Service Contracts* procured through an *informal competitive* contracting process
- contracts valued at less than $100,000. (Contracts under $10,000 only require a written proposal in lieu of a competitive solicitation with Project staff determining the reasonableness of the proposed scope of work and fees.)

4. Construction Service Contracts
- public works/construction contract means a contract for the erection, construction, renovation, alteration, improvement, demolition, excavation, installation, or repair of any public building, structure, infrastructure, bridge, road, street, park, dam, tunnel, utility or similar public facility that is performed by or for the City.

5. *Information Technology Contracts*
- acquisition of computer hardware, software, peripherals and appropriate network, consulting, maintenance, training and support services, as well as any successor contracts. Administered by the Technology Store under the direction of the City Purchaser and Chief Information Technology Officer.

6. *General Services Contracts*
- an agreement for those services that are not professional services. Examples of "general services" include: janitorial, security guard, pest control, parking lot attendants and landscaping services

7. *Sole Source Contracts*

--- Contracts over $10,000 are subject to Administrative Code Section 21.5(b) which states that commodities or services available only from a sole source shall be procured in accordance with Purchaser's regulations. Purchaser's regulations provide that, "If a department needs a commodity or service which is unique and which is known to be

provided by only one vendor, then only one price quotation is solicited from the single vendor."

8. LBEs generally fit into the following financial categories based upon prior three years annual gross receipts income limits:

TYPE OF BUSINESS	LBE ANNUAL GROSS INCOME SIZE CLASSIFICATIONS		
	Small	**Micro**	**SBA** (HRC LBE Graduated firms)
Public works/construction	$14,000,000	$7,000,000	$33,500,000
Specialty Construction Contractors	$ 7,000,000	$3,500,000	$17,000,000
Goods/Materials/Equipment/General Services	$ $7,000,00	$3,500,000	$17,000,000
Professional services	$2,500,000	$1,250,000	$ 7,000,000
Trucking	$3,500,000	$1,750,000	$8,500,000

Micro-LBE Set-Aside Requirements

Each contracting department such as the Port is to set-aside for award to Micro-LBE not less than 50% of the public work/construction contracts when the estimated contract amount is equal to or less than $400,000. In addition, all contracts other than public work/construction equal to or less than $100,000 must include 25% Micro-LBE set-asides.

Other Contracting Activities
In addition to the above contracting activities, the Port has been engaged in transactions such as
development agreements, leasing evaluations, renewals, and new leases.

To assure that MBEs, WBEs and OBEs are not discriminated against in Port other contracting opportunities, the Port has implemented the following standard procedures:

- Request information from the San Francisco Human Rights Commission as to the availability of MBEs, WBEs and OBEs certified as offering services required on Port projects. Such information includes availability statistics in percentages of MBEs, WBEs and OBEs. In addition, the Port has requested the MS Excel database of such certified firms to assure inclusion as project opportunities become available.
- Availability statistics in percentages are included in advertising for all formally procured contracts.
- Outreach through Minority, Women and Local media
- Direct mailing, faxing and e-mailing of procurement opportunity notices
- Identifying set-aside opportunities exclusively for Micro-LBE firms
- Working with Port staff to eliminate barriers to MBEs, WBEs and OBEs gaining access to Port contracting opportunities. Such barriers include qualifications based upon prior knowledge/experience on the project or past work with existing consultants.

- Hold prime consultants accountable for actions that impede the success of MBE, WBE and OBE firm's success on contracts such as the withholding of essential information required to perform subcontracted work by notifying the San Francisco Human Rights Commission to perform investigations, when deemed appropriate.

Steps to Assure Non-Discrimination in employment for all contracts and property Contracts

Pursuant to the 14B Ordinance, the San Francisco Human Rights Commission has promulgated rules and regulations for the implementation of the nondiscrimination provisions of 14B.

The various forms required as conditions of being awarded a goods/services/public works contract, development agreement, lease or concession are included in all advertisements for such contracts and incorporated into the finalized contract documents. The San Francisco Human Rights Commission actively participates in the selection process to assure compliance with these requirements and conducts investigations as deemed necessary to assure such compliance.

Delegated Authority Contracts
1st Quarter FY 2010/11

Contractor	Description	Contract Amt	LBE Amt
Chapter 6 Admin. Code			
Public Works Contracts (Total Contract Under $400,000)			
-	-	$0	$0
Chapter 21 Admin Code.			
Professional Service Contracts (Total Contract Under $100,000)			
-	-	$0	$0
Total Delegated Authority Contracts		**$0**	**$0**

EXHIBIT 2

Detailed Contracting Activity for 1st Quarter FY 2010/11

As-Needed Contract Service Orders

Awarded To:	Contract/Project	Award Amt.	LBE Amt.	LBE %
Bay Area Economic	SWL 330 & 337 Development Options Evaluation	$58,560	$11,376	19.43%
Economic Planning System	Pier 70 Disposition and Development Support	$50,000	$0	0%
Creegan & D'Angelo/FE Jordan Joint Venture	Mod#3:Engineering/Archaeological Support for Hyde Street	$23,981	$3,357	14%
Creegan & D'Angelo/FE Jordan Joint Venture	Pier 35.5 Core and Shelf Improvements	$15,172	$0	0%
Winzler & Kelly/ SDE Joint Venture	Mod #1: Berth 35 Dredging Inspection Services	$15,188	$0	0%
URS/AGS Joint Venture	Port wide Photovoltaic Study	$49,960	$10,577	21.17%
URS/AGS Joint Venture	Mod#1: Closed Circuit TV Sys	$32,869	$19,657	59.80%
URS/AGS Joint Venture	Access Control System – Phase 2	$157,125	$35,732	22.74%
URS/AGS Joint Venture	Brannan Street Wharf CEQA/Permitting	$49,845	$14,749	29.59%
Total	**9**	**$452,700**	**$95,448**	**21.08%**

Professional Services Contracting Activity

Amendment to the Gerwick/SDE Joint Venture contract adding reallocating contract funds from Phase Three (Design Construction Administration) to the Design Development Phase Two to fund added scope for BCDC design review changes and expanding the pile supported concrete promenade structure. The second amendment

to the original contract resulted in a net decrease of $2,434. This amount is not otherwise included in the report.

One Micro-LBE set-aside professional services contract was awarded during this reporting period in the amount of $49,500. The Micro-LBE set-aside contract was awarded to a local women-owned business enterprise.

Construction Services Contract Activity

LBE Contractor	Description	Contract Amt.	LBE Amount	LBE %
A&B Construction	Change Order #3: Drainage Improvement Project	$20,778	$0	0%
A&B Construction	Change Order #4: Drainage Improvement Project	$8,128	$0	0%
A&B Construction	Change Order #5: Drainage Improvement Project	$13,622	$0	0%
A&B Construction	Change Order #6: Drainage Improvement Project	$6,750	$0	0%
Fine Line Construction	Pier 90 Roofing & Dry Rot Repair	$1,892,604	$624,559	33%
Fine Line Construction	Change Order #1: Pier 90 Roofing & Dry Rot Repairing	$2,687	$887	33%
Total	**6**	**$1,944,569**	**$625,446**	**32.16%**
LBE Participation Exempt				
Cochran Inc.	Pier 27 Shoreside Power Project	$1,000,000	$0	0%
Total	**1**	**$1,000,000**	**$0**	**0%**

14B Micro LBE Set-Aside Ordinance
Set-Aside Contracts for 1st Quarter FY2010/11

LBE Contractor	Description	Contract Amt.	LBE %	LBE Status*
Public Works (Total Contract Under $400,000)				
-	-	$0	0%	-
		Professional Service (Total Contract Under $100,000)		
Kate Keating Associates	Blue-Greenway Parks Bond Project	$49,500	100%	W
Total	1	$49,500	100%	
Total Micro LBE Contracts	**1**	**$49,500**	**100%**	

*LBE Status: M = Minority, W = Women, O = Other

EXHIBIT 3

Projected Upcoming Contracting Activity

As-Needed CSOs				
Master Agreement	**Description of Work**	**Port Project**	**Est. Dollar Value**	**Est. Start Date**
Engineering	Engineering Design services to prepare bid specifications	Repair of Pier 26 water pipe leak	$100,000	TBD
Engineering	Container Cranes Paint, Upgrade & Demolition Consulting Services	Port Capital Equipment Maintenance	$50,000	TBD
Engineering	Sea Level Rise Evaluation Study	Evaluation Study-Northern Waterfront	$200,000	11/2010
Engineering	Sea Level Rise Evaluation Study	Evaluation Study-Southern Waterfront	$200,000	TBD
Engineering	Site Specific Sea Level Rise Mitigation Study	Study for Development Sites - Pier 19/23	$100,000	TBD
Engineering	Evaluation of Seawall	Northern Waterfront (North of Ferry Bldg)	$100,000	TBD
Engineering	Evaluation of Seawall	Southern Waterfront (South of Ferry Bldg)	$100,000	TBD
Engineering	Development of Seismic Standards for Pier and Wharves	Portwide Seismic Standards for Pier and Wharves	$180,000	TBD
Engineering	Vehicular Access Ramp at Pier 30-32	Pier 30-32	$106,000	TBD
Engineering	Soft Story Evaluation	Portwide	$100,000	TBD
Engineering	Miscellaneous Special Inspection Services	Port Construction Projects	$100,000	TBD
Engineering	Cathodic Protection	China Basin Ferry Terminal	$20,000	TBD
Engineering	Pile Driver No. 4	TBD	$50,000	TBD
Engineering	Structural, historical architecture and materials	Pier 70-Building 113 Stabilization	$110,000	11/2010
Engineering	Structural, MEP Engineering, Cost Estimator	Pier 33.5 Core & Shell Improvements	TBD	TBD
Engineering	Architectural, Structural, MEP Engineering and Cost Estimator	Fisherman's Wharf Harbor Master Office & SFPD Marine Unit	TBD	TBD
Environmental	Technical Support	Wharf J-10	$70,000	TBD

PORT OF SAN FRANCISCO

MEMORANDUM

October 20, 2010

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Kimberly Brandon, Vice President
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Informational presentation on the proposed adoption of the 2010 Port Building Code which incorporates the 2010 California Building Code and includes provisions for green building design and expedited review of photovoltaic energy

DIRECTOR'S RECOMMENDATION: Informational Item – No Action

Introduction

Construction standards in California are established by the California Building Standards Commission (codified in Title 24 of the California Code of Regulations; also known as the "State Building Code"). The State Building Code allows local jurisdictions to establish more restrictive and reasonable and necessary differences to the State's minimum standards by filing local findings and code amendments with the Building Standards Commission. The Building Standards Commission has adopted a new 2010 edition of the California Building Standards Code which will become effective on January 1, 2011 and will supersede the current 2007 California Building Standards Code in its entirety.

As a result, on January 1, 2011, the February 2010 edition of the Port of San Francisco Building Code, which is based on the 2007 State Building Code, with local Port amendments, will no longer be effective as the underlying 2007 State Building Code will be repealed. It 's imperative that the Port adopt the 2010 California Building Standards Code as the enforceable regulation with Port's local amendments to enable the continuance of Port's current administrative procedures, submittal requirements and appeal processes that reflect the Port's organizational structure, and to extend the special design requirements and technical considerations needed to address the Port's marine environment, facilities and maritime operations.

This Print Covers Calendar Item No. 9A

The State Building Codes include new standards for green building practices known as the CALGreen Code (Title 24 Part 11) and the proposed 2010 San Francisco Building Code will also include the State's new green building standards with local amendments that enhance the regulations. To ensure the design and construction of buildings having a positive environmental impact and encourage sustainable construction practices within Port's jurisdiction, staff is working with Port's Environmental Specialist to review the State and City's codes to create new mandatory green building requirements for application at the Port. The green building practices required by these new regulations will further the goal of reducing greenhouse gas emissions to 20 percent below 1990 levels by the year 2012, as stated in Board of Supervisors Resolution No. 158-02 and the City's 2004 Climate Action Plan. To achieve these green building goals, staff will file local amendments to the 2010 California Building Standards Code with mandatory standards for Water Conservation, Construction Debris Recovery, Green Building Requirements, and Commercial Lighting Efficiency. To promote energy conservation through the use of solar energy, the new code will also include a procedure that provides a timely, cost-effective process for reviewing solar energy building permit application submittals for photovoltaic systems.

Background

The February 2010 edition of the 2008 Port Codes contain administrative provisions and amendments to the minimum standards of the State Building Codes that are specific to the Port of San Francisco. These provisions and amendments enable the Port's authority to enforce construction standards and hear appeals, provide special design requirements for the Port's proximity to bay waters, and its unique topographical and geographical conditions, and include mandatory features for Construction Dust Control, Stormwater Run Off and Flood Plain Management that protect the environment, buildings, structures, and people associated with construction activity within the Port's jurisdiction.

The proposed 2010 Port of San Francisco Building Code will include the provisions of the February 2010 edition of the 2008 Port of San Francisco Building Codes with updated administrative provisions and additional mandatory features for sustainable practices that further protect Port property, the environment and the public. The new requirements will include amendments to the CALGreen Code and California Energy Code that are consistent with the environmental controls enforced by the City and other cities and counties surrounding the San Francisco Bay.

Funding

There are no funding requirements for publishing the 2010 Port of San Francisco Building Code. Staff will maintain copies of the codes on the Port's internet web page and will make copies available to the public at Engineering's Building Permit Desk at Pier 1.

Schedule

Staff will continue to develop the necessary construction standards and, after internal review, will post public notices in a local newspaper announcing a review and comment period of two weeks. In concurrence with State law, staff will develop the modifications to the State Building Code that are reasonably necessary due to local climatic, geographical or topographical conditions for filing with the California Building Standards Commission. After public review and resolution of comments, staff plans to present the proposed 2010 Port of San Francisco Building Code to the Port Commission for review and approval on December 14, 2010 with a request to adopt the code with an effective date of January 1, 2011. Upon adoption, staff will file the local findings with the California Building Standards Commission.

Summary

The 2010 Port of San Francisco Building Code, which includes the Port of San Francisco Mechanical, Electrical and Plumbing Codes, will, upon adoption, effectively repeal the February 2010 edition of the Port of San Francisco Building Code. It will adopt by reference the 2010 California Building Standards Code (Title 24) with Port specific administrative procedures and special design requirements and technical aspects considered necessary for the Port's marine environment and maritime operations.

Port staff will produce a draft of the 2010 Port of San Francisco Building Code with local findings. Staff will post the draft code for public opinion and comment and will present the final draft of the 2010 Port of San Francisco Building Code at the December 14, 2010 Port Commission meeting for review and approval. Staff plans to request the Port Commission adopt the 2010 Port of San Francisco Building Code on December 14, 2010 with an effective date of January 1, 2011.

Prepared By: John Aires
Senior Building Inspector

For: Edward F. Byrne
Chief Harbor Engineer

PORT OF SAN FRANCISCO

MEMORANDUM

October 21, 2010

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Kimberly Brandon, Vice President
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Request approval of the Cooperative Agreement between the San Francisco Bay Area Rapid Transit District (BART) and the City and County of San Francisco, through the Port of San Francisco for a term of 66 years for the installation, use and maintenance of security barriers on and under the Ferry Plaza, subject to Board of Supervisors approval and to BART entering into agreements with Ferry Plaza Limited Partnership, Equity Office Partnership, and Golden Gate Bridge Highway and Transportation District for use of the property currently under agreement to each.

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

BACKGROUND

The San Francisco Bay Area Rapid Transit District ("BART") operates and maintains certain transit facilities on and under the Ferry Plaza Platform ("Platform"), immediately east of the Ferry Building. In 2005 the San Francisco Port Commission allowed BART to install barriers on the Platform as part of its on-going operation and maintenance of the existing BART facilities. In 2006, in the interest of providing enhanced security to the Ferry Plaza BART facilities, BART presented proposed new barriers for the Platform with enhanced security features to the Port, and to Ferry Plaza tenants with leasehold interests, and stakeholders. BART received approval for the design and layout of these new enhanced security barriers in May 2009 from all of the mentioned parties. Following approval, Port and BART staff conferred on a Cooperative Agreement ("Agreement") to establish the conditions under which these proposed barriers will be accommodated in respect to review procedure, construction, design, access, relocation, maintenance and indemnification. BART has or is negotiating separate agreements directly with Port tenants or licensees that would be affected by the proposed enhanced barrier structures on and under the Platform. Port staff recommends that the Port Commission approve the Agreement between Port and BART for the enhanced barriers with the conditions provided.

This Print Covers Calendar Item No. 10A

SUMMARY OF AGREEMENT

BART has existing barriers on the Ferry Plaza to protect its facility, and this barrier installation was allowed through an agreement with the Port in 2005. This agreement expired in September 2009 and is now on holdover status. Subsequent to this agreement, BART proposed a barrier enhancement project that it will fully fund and that will involve removing their existing barriers and replacing them with new barriers. The proposed Agreement between the Port and BART is for the installation, use, and maintenance of this proposed enhanced surface barrier project and new marine barriers ("barriers") under the Platform to protect the BART facilities. Since this project involves placing improvements on Port property and requires construction in San Francisco, applicable permits and compliance with applicable City ordinances are required. The term of the Agreement is 66 years, with BART's right to request an option to extend such term consistent with the Burton Act and any other applicable laws at such time of the extension. The Agreement does not require a fee for locating the barriers on Port property. However, the barriers will benefit the harbor trust and the City by protecting the public and BART's public transit system, assuring transit of the public to the waterfront and the City. Furthermore, the barriers will not require the expenditure of any Port harbor trust or other City revenues.

To ensure that roles and responsibilities are defined and cover possible consequences resulting from this project, the Port and BART have agreed to the following additional conditions covering damages and maintenance, review procedure, design and access, tenant agreements, indemnification and future improvements. The following are descriptions of these conditions:

To ensure the Platform area is maintained in its current condition, BART will maintain the barriers, and has agreed to undertake any necessary repairs for the project at its own expense such as relocating utilities within the footprint of the proposed barriers and wrapping piles, and to take responsibility for all damages to the Platform or other property of the Port caused by the construction, installation, use, maintenance, repair or removal of the barriers. Prior to construction, BART must provide the Port with a current engineering assessment report on the Platform structure with information provided on the condition of the areas where the proposed barrier construction and installation activities will occur. The Port must review this report and confirm its accuracy before any construction activity on this project can occur. If any portions of the Platform are found to be damaged by any activities conducted by BART, or its contractors, as a consequence of this project, BART has agreed to restore, at its own expense, any damaged portion of the Platform within 30 days. BART has also agreed to maintain the barriers in a clean and orderly condition, and to respond to any graffiti abatement request within 96 hours.

To ensure that applicable regulatory requirements are followed for this project, BART must submit Port Building permits for the barriers, and cannot commence construction until a Port building permit has been secured. The Port building permit procedure requires that necessary federal, state and local regulatory permits for projects, such as California Environmental Quality Act (CEQA) and San Francisco Bay Conservation Development Commission (BCDC) permit authorization are secured and that required emergency and fire access in the project area are maintained before a permit is issued. BART has submitted a building permit for the proposed surface barriers and has not submitted an

application for a marine barrier building permit. BART has the authority to make its own CEQA determinations, and has determined that the proposed surface barriers are categorical exempt from CEQA under class 15301(f). BART will be required to provide a CEQA determination for its proposed marine barriers as part of the building permit application for these barriers. BCDC and the area stakeholders (Ferry Plaza Limited Partnership ["FPLP"], Equity Office Partnership ["EOP"], and Golden Gate Bridge Highway and Transportation District ["GGBHTD"]) approved the proposed design and locations of the surface barriers as presented in a May 2009 BCDC Commission Hearing. The proposed locations of the surface barriers will provide the required fire and emergency access and will maintain the existing BCDC dedicated public access in the area.

Since portions of the proposed marine and surface barriers on the Platform fall within the license or leased areas of FPLP, EOP, or GGBHTD, BART has or is securing separate agreements with these affected parties for this proposed project.

In addition, the Agreement imposes no obligation on the Port to maintain the Platform and the areas where the barriers will be installed, and BART has agreed to indemnify the Port and its agents against any demand, claim, or suit arising from BART's actions under the Agreement.

In the event that there are future improvements on the Platform that the Port may authorize which require BART to remove or relocate their barriers in order to maintain security around its facilities, the Port will be responsible for those relocation costs. If there are future improvements on the Platform that require BART to add additional barriers to secure its structure such as the removal of structures on the Platform, then BART will be responsible for the cost of these new barriers. Any barrier relocations or additional barriers installations will be subject to the same terms and conditions of the proposed Agreement.

A copy of the Cooperative Agreement is on file with the Secretary of the Port Commission.

NEXT STEPS

With Port Commission approval of this Resolution and with agreements between the parties (EOP, FPLP, and GGBHTD) with property interest that will be affected by this barrier project and BART, this Agreement will be submitted to the San Francisco Board of Supervisors for the City of San Francisco (BOS) for its review and approval.

RECOMMENDATION

Port staff requests that the San Francisco Port Commission authorize the Executive Director to enter into an Agreement with BART for the proposed enhanced security barriers on the Ferry Plaza Platform for a term of 66-years, subject to approval by the Board of Supervisors and agreements between BART and FPLP, EOP, and GGBHTD.

Prepared by: Kanya Dorland, Planner, Planning & Development
Elsa Lamb, Property Manager, Real Estate Department

For: Byron Rhett, Deputy Director, Planning & Development
Susan Reynolds, Deputy Director, Real Estate

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTON NO. 10-71

WHEREAS, Charter Sections B3.581 of the Charter of the City and County of San Francisco empowers the Port Commission with the power and authority and duty to use, conduct, operate, maintain, manage, regulate and control the Port area(s) of the City and County of San Francisco; and

WHEREAS, The Port owns a certain pile-supported platform extending into the San Francisco Bay on the east side of the Ferry Building, generally referred to as the Ferry Plaza Platform; and

WHEREAS, BART proposes to construct within the boundaries of the San Francisco Bay and on and under the Ferry Plaza Platform enhanced security barriers around the BART facilities to protect its continuing use and restrict access in the proximity of the BART facilities; and

WHEREAS, Port and BART have negotiated a Cooperative Agreement providing the conditions for the construction use and maintenance of the enhanced security structures on and under Port property; and

WHEREAS, In addition to granting BART the rights to install the barriers, this Cooperative Agreement requires (1) BART to produce to Port a current engineering assessment report of the Ferry Plaza Platform to be confirmed by the Port before beginning any construction activity, (2) BART to obtain building permits from the Port for construction of the barriers, and (3) BART to agree to be responsible for any and all damages caused by the construction, installation, use, maintenance, repair or relocation of the barriers, and to indemnify the City for its activities under the Cooperative Agreement; and

WHEREAS, The term of the Cooperative Agreement is 66 years with BART's right to request an extension, consistent at such time with the Burton Act and other applicable laws; and

WHEREAS, The Cooperative Agreement does not require BART to pay the Port a fee for the use of Port property; however, the barriers will benefit the trust and the City by protecting the public and BART's public transit system, assuring pubic transit to the waterfront and the City; and

WHEREAS, The BART barriers will not require the expenditure of Port harbor trust or other City revenues; and

WHEREAS, Before the Port issues building permits for BART's marine barriers, the Port and MEA, in their sole discretion, must first determine that BART's CEQA

determination for the barriers is adequate; and BCDC must also provide permit approval for the marine barriers; and

WHEREAS, The proposed barrier project affects the property interests of Ferry Plaza Limited Partnership ("FPLP"), Equity Office Partners ("EOP") and Golden Gate Bridge, Highway and Transportation District (GGBHTD); FPLP, EOP, and GGBHTD have or will have agreements with BART regarding the proposed BART structures within each of their respective leased and licensed areas prior to the Port seeking Board of Supervisor approval for the Cooperative Agreement; and

WHEREAS, BART has authority to make its own California Environment Quality Act (CEQA) determinations, and has determined that the proposed surface barriers are categorically exempt from CEQA under Class 15301(f), and the Port and the City Planning Department's Major Environmental Analysis Division, (MEA), have determined that this determination is adequate for the proposed surface barriers on the Ferry Plaza Platform; and

WHEREAS, Port staff recommends that the San Francisco Port Commission approve the proposed Cooperative Agreement in substantially the form on file with the Commission Secretary; and now, therefore, be it

RESOLVED, That the BART barriers will benefit the harbor trust and the City by protecting the public and BART's public transit system, assuring pubic transit to the waterfront and the City; and, be it further

RESOLVED, That the BART barriers will not require the expenditure of Port harbor trust or other City revenues; and, be it further

RESOLVED, That subject to approval by the Board of Supervisors of the Cooperative Agreement and to BART entering into agreements with Ferry Plaza Limited Partners, Equity Office Partners, and Golden Gate Bridge Highway and Transportation District consenting to BART's use of property leased or licensed to each, the Port Commission approves the Cooperative Agreement with BART in substantially the form on file with the Secretary of the Port Commission for the installation, use and maintenance of security barriers on the Platform for a term of 66 years; and, be it further

RESOLVED, That the Executive Director shall not submit the Cooperative Agreement for review and approval by the Board of Supervisors before BART has entered into the agreements with Ferry Plaza Limited Partners, Equity Office Partners, and Golden Gate Bridge Highway and Transportation District; and, be it further

RESOLVED, That the Port Commission authorizes the Executive Director to enter into any additions, amendments or other modifications to the Cooperative Agreement that the Executive Director, in consultation with the City Attorney, determines are in the best interests of the Port and City, do not materially increase the obligations or liabilities of the City or Port, and are necessary or advisable to complete the transactions which the Cooperative Agreement contemplates there under and effectuates the purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director of the Cooperative Agreement, and any such amendments or modifications thereto.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of October 26, 2010.

Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

October 21, 2010

TO: **MEMBERS, PORT COMMISSION**
Hon. Rodney Fong, President
Hon. Kimberly Brandon, Vice President
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Request approval of a proposed short-term lease(s) with For Whom Productions, LLC for space located at 501 Cesar Chavez, Pier 80, Shed D, Pier 80 M&R Building, Pier 80 paved land, and a portion of Seawall Lot 356 with a modified rent schedule plus in-kind services for a combined value of market rate rent to the Port of San Francisco

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

I. History

The City of San Francisco has been a favorite location choice for the film industry for many decades. However, there are a large number of competitors vying for new film and television productions and the economic benefits the industry brings. Rival locations such as Canada, New York, and Louisiana are able to offer production companies a combination of low costs, technical talent, economic incentives, and infrastructure support.

In recent years there has been a dramatic decline in the number of feature films produced within California which has resulted in the loss of local spending. The number of movies filmed in California has fallen from 272 in 2000 to 160 in 2008.

Home Box Office (HBO), doing business as For Whom Productions, LLC ("FWP"), has committed to producing a feature film in San Francisco. The film entitled *Hemingway and Gellhorn* documents events in 1936, of Ernest Hemingway and Martha Gellhorn, a novelist and one of the greatest war correspondents of the 20th Century. Their tumultuous relationship and subsequent 5-year marriage took them to the Spanish Civil

War as Gellhorn stood toe-to-toe with the literary master, putting his famous bravado and iconic style to the test. Gellhorn's competitive nature inspired the novelist to pen one of his most famous novels, *For Whom the Bell Tolls*.

II. Proposal

FWP is currently a Port office tenant at 501 Cesar Chavez under Lease No. L-14886. The Lease provides for approximately 4,440 square feet of office space with a term of two years. FWP is a tenant in good standing.

FWP is now proposing to lease space in Shed D at Pier 80, the Pier 80 M&R Building, additional office space at 501 Cesar Chavez and adjacent land at Pier 80 and Seawall Lot 356 for the purpose of film production on a temporary basis at a modified rental schedule plus in-kind services, the combined total of which equal market rate rent.

Shed D at Pier 80 is currently under an operating agreement with Metro Ports. The Port will work with Metro Ports to accommodate this temporary use in a manner that does not impact maritime operations.

Below is a matrix describing the approximate square footage requested by FWP and both the 2010-11 Port Commission approved rental rates, in bold, and the amount of discount being proposed by FWP. Total rent per the 2010-11 Rental Rate Schedule would be $172,450.75 per month or $689,803.00 for a four month term of the Lease. For example, the proposed Total Monthly Discount is $114,980.30 or $459,921.20 over a four month term of the Lease. For example, the Total Proposed Monthly Rent is $57,470.45 or $229,881.80 over the four month term of the Lease.

501 CC	Square Feet	Comm. Rate	**Monthly Rent**	Rate Less 40% Discount	**Monthly Discounted Amount**	Monthly Amount Discounted
Suite 101 B	2,479	$1.25	**$ 3,098.75**	$0.75	**$ 1,859.25**	($ 1,239.50)
Suite 109A	1,358	$1.25	**$ 1,697.50**	$0.75	**$ 1,018.50**	($ 679.00)
Suite 209	3,794	$1.25	**$ 4,742.50**	$0.75	**$ 2,845.50**	($ 1,897.00)
Pier 80 M/R	30,000	$0.75	**$ 22,500.00**	$0.30	**$ 9,000.00**	($ 13,500.00)
Improved Land	16,800	$0.25	**$ 4,200.00**	$0.15	**$ 2,520.00**	($ 1,680.00)
WP Site	43,560	$0.20	**$ 8,712.00**	$0.12	**$ 5,227.20**	($ 3,484.80)
Pier 80 D	170,000	$0.75	**$127,500.00**	$0.209	**$35,0000.00**	($ 92,500.00)
		Total	**$172,450.75**	Total	**$ 57,470.45**	($114,980.30)

The Port will ensure that the in-kind services provided match the final discounted rental amounts.

The Port will not be expending any trust resources or revenue to support this use, and the trust will benefit from these leases because these filming activities will enliven the waterfront by attracting people to the waterfront and raise awareness of the waterfront and its public benefits and amenities.

III. Economic Benefits to the City of San Francisco

1. The FWP production projects that it will be hiring 230 local production employees. The Milken Institutes' July 2010 study on Film Flight from California states that for every job created in the film industry, 2.5 additional jobs are created throughout the local economy. That would mean there would be an estimated creation of 805 full time jobs, locally.

2. The Hemingway film estimates it will be spending $15 million dollars to shoot in San Francisco. According to the Milken Institute study of 2010, for every dollar a production spends, $2.95 goes back into the local economy. FWP estimates that the production will pump approximately forty-four (44) million dollars into our local economy over the next eight (8) months.

3. According to FWP, the production has already spent more than $500,000 on hotels, local labor, actor visits, local visual effects & storyboard artists since it began occupying its space at Pier 80. $50,000 of that has been spent on meals alone at local restaurants (with a very small number of people on staff to date).

IV. Proposed In-Kind Services

FWP is proposing to provide the following in-kind service, valued at a minimum of $360,250.00 in consideration of the proposed discounted rent rates noted above. Some of the services proposed do not yet have a tangible value but the Port will continue to work with FWP to develop services that provide benefit to the Port and the public. Attached to this staff report is the proposed list of in-kind service to be provided by HBO.

V. Staff Recommendation

Port staff recommends that the Port Commission approve the request of the proposed temporary leases for the approximate square footage of 267,991 with For Whom Productions, LLC for office space located at 501 Cesar Chavez, Pier 80, Shed D, Pier 80 M&R Building and Pier 80 paved land, and a portion of Seawall Lot 356 with a modified rent schedule in exchange for in-kind services to the Port of San Francisco. Upon signed agreement with FWP on the in-kind services and their values (attachment A hereto), Port staff further recommends that the Port Commission authorize the Executive Director or her designee to execute the lease(s) with terms acceptable to the Port on the Port's standard leasing form, including standard with indemnification, hazardous materials, insurance, City and Port Requirements, and to enter into any additions, amendments or other modifications to the

Lease that the Executive Director, in consultation with the City Attorney, determines are in the best interests of the Port, do not materially increase the obligations or liabilities of the City or Port, and are necessary or advisable to complete the transactions which the Lease contemplates and effectuate the purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director of the Lease, and any such amendments thereto.

Prepared by: Jeffrey A. Bauer, Senior Leasing Manager

For: Susan Reynolds, Deputy Director of Real Estate

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
RESOLUTION NO. 10-72

WHEREAS, Charter Section B3.581 grants to the Port Commission the authority and duty to use, conduct, operate, maintain, regulate and control the lands within the Port jurisdiction; and

WHEREAS, the City of San Francisco has been a favorite location choice for the film industry for many decades. Other cities rigorously compete for the economic benefits the industry brings to cities that are able to offer production companies economic incentives; and

WHEREAS, HBO, doing business as For Whom Productions, LLC ("FWP"), is committed to producing a feature film in San Francisco; and

WHEREAS, FWP is currently a Port office tenant at 501 Cesar Chavez under Lease No. L-14886. FWP is a tenant in good standing; and

WHEREAS FWP is proposing to lease Shed D at Pier 80, the Pier 80 M&R Building, additional office space at 501 Cesar Chavez and adjacent land at Pier 80 and Seawall Lot 356 for the purpose of film production on a temporary basis at a modified rental schedule plus in-kind services described in the attached staff report, the combined total of which equal market rate rent; and

WHEREAS, FWP has proposed a basket of in-kind services, which, if acceptable to the Port, FWP will endorse by signed agreement with the Port (Attachment A); and

WHEREAS, the combination of rent, in kind services and benefits to the harbor trust are beneficial to the Port and staff recommends approval thereof; and, now therefore, be it

RESOLVED, that upon signed agreement with FWP of the in-kind services and their values, the Port Commission authorizes the Executive Director or her designee to execute the lease(s) described above and in the staff report and to enter into any additions, amendments or other modifications to the Lease(s) that the Executive Director, in consultation with the City Attorney, determines are in the best interests of the Port, do not materially increase the obligations or liabilities of the City or Port, and are necessary or advisable to complete the transactions contemplated and effectuate the purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director of the Lease(s), and any such amendments thereto.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of October 26, 2010.

Secretary

ATTACHMENT A
IN KIND SERVICES

	Value
• Guarantee of credit for the Port of San Francisco in the film's end credits. HBO's viewership is approximately 30 million with an average viewing of 8 million for an HBO film. The film will be advertized on HBO.com, which routinely gets 10 million viewer hits.	$250,000.00
• Copies of DVDs of the movie will be provided to the Port when commercially available.	$ 250.00
• HBO will provide footage for the Port to produce its Port-wide promotional video with HBO credit	$ 80,000.00
• Mention of the Port to be included in the behind the scenes/making of "Hemingway and Gellhorn" ***	***
• "HBO Buzz" episode, an HBO exclusive, on the making of the film which may include interviews that mention how the filming of the "whole world" can be done in San Francisco and its Port. Will try to emphasize how helpful/instrumental the Port has been in the making of the film – provides incalculable public relations benefit***	***
• Access to Still Photographs of the Port by the film company's professional still photographer after HBO has the opportunity to market its program.	$ 30,000.00
• (Potential) Mention of the Port's involvement in the "making of" featurette that is typically included as bonus material on the DVD.	***
• Anticipated release of "Hemingway and Gellhorn" is 2012	
Total Value	**$360,250.00**

Signed by:_____ Date:_____
Port of San Francisco

Signed by:_____ Date:_____
San Francisco Film Commission

Signed by:_____ Date:_____
For Whom Productions, LLC

***As the marketing plan for Hemingway Gellhorn has not been completed, it is not possible at this time to assign a dollar value to these items. However, HBO has every intention of following through with these items, which will bring positive exposure to the Port of San Francisco to more than 8 million viewers.

SAN FRANCISCO
PORT COMMISSION

OCTOBER 26, 2010
MINUTES OF THE MEETING

GOVERNMENT
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MEMBERS, PORT COMMISSION
HON. RODNEY FONG, PRESIDENT
HON. KIMBERLY BRANDON, VICE PRESIDENT
HON. ANN LAZARUS

MONIQUE MOYER, EXECUTIVE DIRECTOR
AMY QUESADA, COMMISSION SECRETARY

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE MEETING
OCTOBER 26, 2010

1. CALL TO ORDER / ROLL CALL

Commission President Rodney Fong called the meeting to order at 2:32 p.m. The following Commissioners were present: Rodney Fong, Kimberly Brandon and Ann Lazarus.

2. APPROVAL OF MINUTES - October 12, 2010

ACTION: Commissioner Lazarus moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; the minutes of the October 12, 2010 meeting were adopted.

3. PUBLIC COMMENT ON EXECUTIVE SESSION

4. EXECUTIVE SESSION

A. Vote on whether to hold closed session.

ACTION: Commissioner Lazarus moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor.

At 2:33 p.m., the Commission withdrew to executive session to discuss the following:

An Executive Session has been calendared to discuss the following matters:

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTERS (Discussion and Action)

(a) Discuss existing litigation matter pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d):

- In re: Mama Franceschi's LP, United States Bankruptcy Court, Northern District of California San Francisco Division Chapter 11 (Case No. 10-30109)

Mama Franceschi's LP's legal predecessor entered into Lease No. 8993 with the Port for premises commonly known as 498 Jefferson Street (the "Lease"). Mama Franceschi's LP also operates an outdoor dining area

adjacent to the premises under Sidewalk Encroachment Permit and Revocable License E-14107 (the "Sidewalk License"). Mama Franceschi's LP filed for bankruptcy under Chapter 11 on January 15, 2010 and is pursuing assumption of the Lease. The Port filed a proof of claim in the bankruptcy matter for rent withheld by Mama Franceschi's LP as payment for certain improvements to the premises.

Proposed Action: Approve and authorize the Executive Director or her designee to execute a settlement agreement with Mama Franceschi's LP, subject to approval by the Bankruptcy Court, requiring the following: (1) Mama Franceschi's LP to pay to the Port Forty Thousand Dollars ($40,000) over a period of nine months for past due rent; (2) upon payment in full, Mama Franceschi's LP to assume the Lease pursuant to the bankruptcy proceedings; (3) Mama Franceschi's LP to perform specified actions to cure existing non-monetary defaults under the Lease and Sidewalk License; (4) Mama Franceschi's LP to enter into a new license with the Port for the use and maintenance of utilities serving the restaurant located outside the leased premises; (5) immediate surrender of the Lease and Sidewalk License to the Port if Mama Franceschi's LP fails to meet all of the preceding conditions; (6) Mama Franceschi's LP releases Port from claims arising from the unpaid rent and Port releases Mama Franceschi's LP from claims arising from the lease defaults and (7) other terms and conditions of the settlement agreement on file with the Port Commission Secretary.

(b) Discuss existing litigation matter pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d):

- City and County of San Francisco, et al. v. Regal Stone, Ltd, et al, Monterey County Superior Court, Case No. M98178 (transferred from San Francisco Superior Court, Case No. CGC-07-469876)

Proposed Action: Authorizing the Port to recommend to the Board of Supervisors approval of a settlement with Regal Stone, Ltd., et al. requiring the payment of $3,717,096.52, consisting of $1,676,181.87 for reimbursement of cost in response to the Cosco Busan oil spill of November 7, 2002; $665,000 for restoration projects arising out of harm to recreational use of shoreline; $201,000 for restoration projects arising out of harm to recreational boating; $259,000 for restoration projects arising out of harm to recreational fishing; $500,000 for reimbursement of attorneys' fees; and $415,914.65 for reimbursement of consultants' fees.

5. RECONVENE IN OPEN SESSION

At 3:15 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Brandon made a motion to adjourn executive session and reconvene in open session; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Brandon disclosed that the Port Commission approved the settlement agreement with Mama Franceschi's LP as stated in Item 4A(1)(a) of the agenda. Commissioner Brandon also disclosed that the Port Commission recommended the settlement between the City and County of San Francisco and Regal Stone regarding the Cosco Busan oil spill on November 7, 2002 be passed on to the Board of Supervisors for approval as stated in Item 4A(1)(b) of the agenda. Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

6. **ANNOUNCEMENTS:** The Port Commission Secretary announced the following:

A. **Announcement of Prohibition of Sound Producing Devices During the Meeting**

Please be advised that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

B. **Announcement of Time Allotment For Public Comments**

Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

7. **EXECUTIVE**

A. Executive Director's Report: Peter Dailey, Deputy Director of Maritime, indicated that Executive Director Monique Moyer is taking a furlough day today. She's in Long Beach with Fire Chief Joanne Hayes-White to attend the Maria Shriver Women's Conference. So he's pinch-hitting today.

October is shaping up to be a very memorable month for the Port and the city. We've already seen the biggest and best Fleet Week in years. We have become the first port in California, and only one of a handful in the world to construct shore power for cruise ships. Now we have a few other achievements to mention. First of all, it would be remiss to not congratulate our San Francisco Giants for their victory against the Phillies. The Port played host to a successful National League Championship Series at AT&T Park. Now millions of viewers will be focused on the Port and AT&T ballpark, which by the way, is the only park in the world that has two ferry terminals.

- World Series – San Francisco Giants vs. Texas Rangers
 Next, the Giants are taking on the Rangers starting October 27, 2010. We offer our hearty congratulations to our good tenants, the San Francisco Giants, and we hope that they really mess with Texas.

- San Francisco National Maritime Park Association 60th Anniversary Gala
 On Saturday, October 23, 2010, the San Francisco Maritime National Park Association celebrated its 60th anniversary with a Jubilee dinner and fundraiser. A number of Port staff and commissioners were in attendance. The association is an unsung treasure of San Francisco. The association runs the Maritime Museum, the Balclutha and the Pampanito. It's a very special place. The dinner was a very festive affair, in spite of the weather, in spite of the playoff games being played at the same time.

 On behalf of the Port, Monique Moyer received the Maritime Heritage award. She was introduced by Jim Lazarus, friend of the Port, and Senior Vice President of the San Francisco Chamber of Commerce. Monique was honored, on behalf of the Port, of our support in bringing maritime history to life through education and preservation.

 Mr. Dailey indicated that our own commission president is an excellent cheerleader, getting several hundred attendees to cheer on the San Francisco Giants. It was a great moment.

- American Planning Association's Announcement of Top 30 Great Places in America for 2010 – October 13, 2010 at 10 a.m.
 On October 13, 2010, the American Planning Association (APA) announced the designation of the Ferry Building as one of the ten great public places for 2010 under the organization's Great Places in America program. APA singled out the Ferry Building for its iconic status as one of San Francisco and the nation's most elegant and beautifully-restored public buildings. Supervisor David Chiu, Port Deputy Director of Planning Development Byron Rhett, and Ferry Building Senior Property Manager Jane Connors accepted the award from APA. Congratulations to all.

- Groundbreaking of Exploratorium Project at Piers 15/17 – October 19, 2010
 Our hits just keep on coming, like we hope the Giants will do tomorrow. On Tuesday, October 19, 2010, the Exploratorium had a spectacular groundbreaking. He didn't see actual ground being broken, but he did see somebody come out of the water with a big "O" that went on the side of Pier 15. The Exploratorium is San Francisco's internationally-acclaimed museum of science, art, and human perception. It celebrated the beginning of construction of its future home at Piers 15 and 17. The project continues the renovation of the Embarcadero. The Exploratorium will attract people from around the region to the waterfront. The new Exploratorium at Pier 15 more than double their exhibit space, double the number of classrooms, and triples the Exploratorium's capacity for teacher

development. They will be developed in two phases starting with Pier 15. This will be a nine-acre campus on the Embarcadero, a ten-minute walk from the Ferry Building. We're very excited about this milestone. Congratulations to all, especially Jennifer Sobol. A number of Port staff has put a lot of blood, sweat and tears in this project, and to finally see it come into fruition is very exciting.

- World Polio Day Fundraising and Awareness Events – October 24, 2010
 Sunday, October 24, 2010 was World Polio Day. Last Sunday, thousands of Rotarians from around the country came to San Francisco to mark the Rotary's 25-year fight to eradicate polio. Events culminated in dramatic fashion at dusk when the Ferry Building was illuminated with Rotary's pledge to "End Polio Now." In addition to the Ferry Building, other structures around the world carried the same message, including the Roman Coliseum, the Sydney Opera House, the British House of Parliament, and Chicago's Wrigley Building. Earlier that day, thousands of Rotarians walked from Pier 39 to the Ferry Building to signify the effort they've undertaken. The Rotary has raised more than $900 million, and it's currently nearing its goal of raising an additional $200 million to match a $355 million challenge grant from Bill and Melinda Gates Foundation. Since 1985, Rotary has immunized more than two billion children and reduced the amount of polio cases by 99 percent. These are just remarkable statistics. Next time you see a Rotarian, shake their hand.

- 10th Anniversary Celebration of the Harry Bridges Project – November 10, 2010 at 5:30 p.m.
 The ports of Oakland and San Francisco will host a reception at Pier 1 on November 10, 2010 at 5:30 p.m. in celebration of the 10th anniversary of the Harry Bridges Project. Harry Bridges was the former president of the ILWU, and former Port Commission President. The reception will feature Ian Ruskin, the director of the Harry Bridges Project, who will present the 10th anniversary film, and read excerpts from his one-man play, "To Begin the World Over Again, The Life of Thomas Paine."

- November 9, 2010 Port Commission Meeting - Cancelled
 Reminder that due to a lack of quorum and the fact that most of the Port staff will be celebrating the World Series victory, the November 9, 2010 Port Commission meeting has been cancelled. Our next meeting will be on December 14, 2010.

8. CONSENT

A. Request authorization to accept and expend $15,200 in grant funding from the California Department of Boating and Waterways Abandoned Watercraft Abatement Fund for removal and demolition of abandoned recreational watercraft on the Port waterfront. (Resolution No. 10-70)

B. Accept the Port's First Quarter Contracting Activity Report - Fiscal Year 2010/11 for the July 1, 2010 through September 30, 2010 Reporting Period.

ACTION: Commissioner Brandon moved approval; Commissioner Lazarus seconded the motion. Items on the Consent Calendar were approved. All of the Commissioners were in favor. Resolution No. 10-70 was adopted.

9. ENGINEERING

A. Informational presentation on the proposed adoption of the 2010 Port Building Code which incorporates the 2010 California Building Code and includes provisions for green building design and expedited review of photovoltaic energy systems.

John Aires, Senior Building Inspector, indicated that the Port's current code, February 2010 edition of the 2008 Port Building Code, adopts the 2007 California Building Code Standards for building, mechanical-electrical, and plumbing.

The State has adopted a new code, a 2010 Building Code that will be effective on January 1, 2011. When that's effective, they will also repeal the 2007 California Building Code Standards that we've adopted. As a result, we'll adopt the California Building Code Standards, also known as the Title 24 California Code of Regulations, with local amendments that are pertinent to the Port's specific location with the waters and climatic and topographical conditions. It will also include our administrative procedures so that we're able to process permit applications and appeals to building code decisions and enforce our rules. This new code is going to include a Green Building Code, with a goal of reducing greenhouse gas emissions to 20 percent below the 1990 levels by the year 2012, as stated in the Board of Supervisor's resolution, Number 158-02, and the city's 2004 Climate Action Plan.

We will have water conservation regulations. We'll have construction debris management regulations, and we'll have commercial lighting efficiency regulations all included in the Green Building Code requirements. They will be very similar to the San Francisco Building Code requirements, which are more stringent than the State.

The State addresses only new construction. The Port's Code will include remodeling and construction that's not new. Currently, Port engineering staff is meeting with the Port's environmental specialist and we plan to have a final draft posted on our website for the public from November 15 to November 30, 2010. Port staff will bring this item at the December 14, 2010 Port Commission meeting with a request to adopt it with an effective date of January 1, 2011.

In summary, the 2010 Port Building Code will adopt the 2010 California Building Standards Code, Title 24, with Port-specific administrative

procedures and special design requirements, and technical aspects considered necessary for the Port's marine environment and maritime operations, as well as new regulations for the green building, water conservation, and energy efficiency. We will also include a procedure that will allow for timely cost-effective process for reviewing solar energy building permit application submittals for photovoltaic systems to encourage the use of photovoltaic systems on Port property.

10. PLANNING AND DEVELOPMENT

A. Request approval of the Cooperative Agreement between the San Francisco Bay Area Rapid Transit District (BART) and the City and County of San Francisco, through the Port of San Francisco for a term of 66 years for the installation, use and maintenance of security barriers on and under the Ferry Plaza, subject to Board of Supervisors approval and to BART entering into agreements with Ferry Plaza Limited Partnership, Equity Office Partnership, and Golden Gate Bridge Highway and Transportation District for use of the property currently under agreement to each. (Resolution No. 10-71)

Kanya Dorland, Planning and Development, indicated that she's a part of an interdivisional team that worked on this project for the last four years. In 2005, BART installed barriers on the north and south of their facility on the Ferry Plaza platform. In 2006, they approached the Port and the area stakeholders to enhance these barriers. They proposed to enhance the surface barriers and install marine barriers.

Last year, the area stakeholders, including BART and BCDC, approved the design and layout of the surface barriers in concept. Since that time, Port staff has been working with BART to come up with an agreement to accommodate these barriers. What was agreed upon was that BART will be responsible for any repairs or damages that are required because of this project, or any issues or claims that will arise because of this project.

Prior to construction, BART will need to finalize their agreements with the area tenants. The Port will not forward this agreement to the Board of Supervisors until those agreements are in place. BART is also required to provide the Port an engineering assessment of the Ferry Plaza platform prior to construction. The Port will need to review the engineering assessment for accuracy, and BART will not be able to move forward with the project until the Port has approved the engineering assessment. BART will also need to take on a few necessary repairs for this project. BART has agreed to take on these repairs at full cost to them.

BART has also agreed, under the Cooperative Agreement, to submit to the Port a building permit for both the surface and the marine barriers. The Port has already provided preliminary comments on the building permit for the surface barriers. BART has not submitted a building permit for the marine barriers to date. For the surface barriers that BART has provided, a CEQA

determination is required. BCDC has provided approval in concept. Port staff has determined that the design and layout of the barriers will not infringe on fire access around the Ferry Plaza. In addition, the BART building permit requires that BART provide a construction plan and schedule for the BART barriers. Port staff has already provided comments on this to ensure that the construction has limited impact on the area stakeholders.

After construction, BART will be responsible for maintaining the barriers. The Port, under the agreement, will not be responsible for maintaining the areas where the BART barriers will be installed. We have agreed that if the Port undertakes a project on the Ferry Plaza platform that requires BART to relocate a barrier to maintain the circle that they're creating around their facility, the Port will have to pay for that relocation.

If the Port undertakes a project that requires additional barriers or if there is an act of God or some sort of catastrophe that makes it so, BART needs to add additional barriers to maintain the circle around their facility on the Ferry Plaza platform, BART will have to pay for those additional barriers.

Both the relocation and the additional barriers will be processed in the same way in the sense that BART will have to submit a building permit, CEQA determination will have to be made, BCDC approval may be required, and we will maintain fire access on the Ferry Plaza platform.

In addition, Port staff has determined that there should be no fee for this project, because it's being pursued solely to protect the public. It will protect harbor assets, in addition to the BART facility on the Ferry Plaza platform. There will be no harbor fees except for the relocation fees associated with this project.

The term of the agreement is 66 years, and BART will have an option to renew at that time. Any laws that are applicable at that time may bear on that option. In addition, the agreement includes all the required city provisions for construction and occupying property in the city of San Francisco.

Commissioner Fong asked when this item was last presented to the Commission. Ms. Dorland replied that it was originally presented in 2006 and it has gone through many iterations.

Commissioner Fong indicated that the Commission is approving this item today, but it's still pending final design from BART or there are more steps to go before implementation.

Kanya Dorland replied that design and layout has been approved in concept. The steps that need to be taken for it to move forward are agreements with the area stakeholders. Once that happens, it will go to the Board of Supervisors. Once they review and approve it, it will go to the Executive

Director for signature. If the Board of Supervisors have any changes, Port staff will present the changes to the Port Commission.

ACTION: Commissioner Brandon moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor. Resolution No. 10-71 was adopted.

11. REAL ESTATE

A. Request approval of a proposed short-term lease(s) with For Whom Productions for office space located at 501 Cesar Chavez, Pier 80, Shed D, Pier 80 M&R Building, Pier 80 paved land, and a portion of Seawall Lot 356 with a modified rent schedule plus in-kind services for a combined value of market rate rent to the Port of San Francisco. (Resolution No. 10-72)

Jeff Bauer, Port's leasing manager, indicated that he will make a brief presentation on this item, followed by a brief presentation by Susannah Robbins, the director of the Film Commission, and Trisha Hoffman, producer for For Whom Productions.

For many decades, San Francisco has been a favorite location for filming. In recent years, there has been a steady decline in the film industry in San Francisco and generally in California largely due to the competition. Other venues or locations have been able to offer incentives to the film industry to lure them to their locations. As a net result, the city has lost the money that these productions generate to the local economy.

Fortunately, HBO, Home Box Office, doing business as For Whom Productions, has committed to film in San Francisco. The film is entitled "Hemingway & Gellhorn." It will be directed by Philip Kaufman, who most notably directed "The Right Stuff." He is a local San Francisco resident who could have filmed anywhere he wanted to, but he chose to film in San Francisco.

For Whom Productions is a current office tenant at 501 Cesar Chavez. They're a tenant in good standing. For Whom Productions is now proposing to engage in several leases at several Port locations at a modified rent schedule. The Port will receive about $57,000 per month or about $230,000 for the term of the overall leases, plus in-kind services valued at about $360,000. The total of these would equal the current market rate for these locations.

The Port will not be expending any of its trust resources to support this use. The trust would benefit from these leases because filming will enliven the waterfront, raise awareness of the waterfront and its public amenities. It's estimated that local hiring will be about 230 local production persons. The staff report alluded to the Milken Institute study on the film industry and those numbers are pretty impressive.

The film is estimated to spend about $15 million locally, and according to the Milken study, for every dollar spent on production, $2.95 goes back to the local economy. It's conceivable that this could pop over an eight-month period, about $44 million into the local economy. For Whom Productions already spent about $500,000 locally on hotels, local labor. They're proposing in-kind services in consideration for the proposed discounted rental rates.

Susannah Robbins indicated that they, at the Film Commission, are excited that HBO and For Whom Productions have chosen San Francisco to shoot the film. They're also appreciative about how the Port has been working with the production company to find space for them. It's a great office space. The potential for using the facility for building sets is fantastic. It's just what a production company needs, and it would help draw other productions here in the future as well.

Phil Kaufman doesn't even need to shoot this film in San Francisco. This film takes place in the past, and it takes place all over the world. What he's been able to do by using these buildings is to shoot the world in San Francisco. This takes place in Idaho, in Spain, and in other European countries but he's shooting the whole thing in San Francisco. There will be some location work, but a lot of it will be built in the production stages on the set. It's a big draw for other productions to see in the future that they could come here too, and do a similar thing.

We're also very excited about the local jobs, because we want to provide more jobs for our residents in San Francisco. As Jeff mentioned, the film should bring about 230 local jobs to an industry that has seen diminishing productions over the past five years, and inject a significant amount of money into the local economy.

The cooperation of the Port in helping to revitalize an important source of green jobs and revenue to the city is appreciated. It's also going to shine a light on San Francisco and the Port as partners who want to make films here. We are hoping that other productions will see how the city agencies of San Francisco are working together to make the film process go smoothly, and that as a result, it'll draw even more productions to the city.

As a side note, Phil Kaufman has multiple projects lined up with HBO. Our hope is that if we make it go smoothly, and he has a successful production here now, that he will bring the other productions to San Francisco and he has expressed an interest to do that.

On behalf of Philip Kaufman, Peter Kaufman and HBO, Trisha Kaufman, Producer, thanked President Fong and the Commissioners for taking this item on the agenda.

Trisha Kaufman reported that after scouting all over, they will be shooting the feature film, "Hemingway & Gellhorn" in San Francisco. It stars Nicole Kidman

and Clive Owen. As Susannah mentioned, they are shooting the world in San Francisco. San Francisco has that distinction. There are not many places in the country that can shoot for Spain and Cuba, Key West, China, Finland. It's the whole world. They plan to shoot entirely in San Francisco. 95 to 98 percent of the entire casting crew (labor and residents) will be San Francisco. They've hired many of those people and the pre-production work is underway to start building the sets.

In terms of the in-kind services, they are looking forward to partnering with the Port producing various promotional opportunities, and some of the things she's been working with the head of HBO marketing and the head of HBO films, in addition to certain things, film credits and thank-you credits in the movie, which has a very long life, eternal life.

HBO has a viewership of approximately 30 million. The average cost for a feature film is $10 million. The Port and the City will get lots of coverage, plus DVD life. In addition, they're going to work with the Port to produce various promotional behind-the-scenes footage, things that celebrate the Port of San Francisco and the City of San Francisco.

There's a program called "HBO Buzz," which will start going out. It'll start being put on other films that are coming out where they highlight the behind-the-scenes for a future movie. In addition, they will have professional still photographers that will be taking photographs of the Port, which they will provide the Port, as well as moving footage of the Port that can be used in a promotional video for the Port and opportunities to have links to various Web sites.

The average viewer hit on the HBO.com website is 10 million hits for a feature of this size. There are lots of promotional opportunities there. The release of the film is in 2012. The campaign would start in 2011.

President Fong indicated that he has a couple of thoughts related to the in-kind work. He suggested that perhaps some of Port's property, either currently under development or for future development, might be featured in the film such as America's Cup, if it comes to San Francisco, as a subject matter. Using some of this in-kind credit as a public relations effort would be great for the Port.

Matt Stiker, Executive Vice President and Chief Marketing Officer for the San Francisco Convention & Visitor's Bureau, indicated that he worked on behalf of Destination San Francisco that sees and receives over 15 million visitors annually. Instead of him doing his own speaking, he's reached out to some of his colleagues and counterparts in other cities and will let some of their words do the speaking for him.
He invited everyone to take a copy of today's "USA Today," and read the front section of the Life section, which relays the important role that a city plays as

a key character in a film. It's an interesting look into what goes on in terms of the economic impact of a film being made in a city.

The first person he reached out to was David Blandford, who is the Vice President of Communications at the Seattle Convention & Visitors Bureau, where "Sleepless in Seattle" was filmed 18 years ago. His question to him was very specific - "Do you see or do you track any quantifiable impact from 'Sleepless in Seattle'?" His answer was: "We don't have anything quantifiable on the impact of 'Sleepless.' However, anecdotally, I can tell you it's been huge for Seattle. Eighteen years after the film debuted, we still get visitor interest in seeing the film locales and plenty of travel stories with 'Sleepless' in the head or lead line. We've had lots of TV and film shows set in Seattle, but 'Sleepless' is set apart. The impact is lasting in foreign markets, in particular, most notably China. Hainan Airlines show it on their Seattle flights. Their Asian market manager says that it's still a huge driver of interest in our region. We're working with Chinese tour operators to develop updated 'Sleepless in Seattle' packages for 2011. The magic remains. So we're very grateful the producers didn't go with Sleepless in San Francisco."

Additionally, Michael Bloomberg, the mayor of New York City, had this to say about filming in New York City. "The entertainment industry's greatest contribution to the city is to make the image and idea of New York a living, thrilling presence in the minds of people around the world. Few other cities on Earth, if any, have been celebrated more widely or memorably on screen than New York. In that sense, the industry can be considered a priceless marketing tool for the city, helping to draw millions of visitors and tourists each year to New York, further propelling its economy, prosperity, and vitality."

From the San Francisco Convention & Visitors Bureau perspective, we believe that moving ahead with this effort will not just be a short-term boon to the economic impact of the city during production, but a long-term benefit to the visitor industry, to the Port, and to the broader city as a result of its economic impact.

President Fong echoed Mr. Stiker's thoughts and the ability for the Convention & Visitors Bureau, the Port, and the Film Commission to try to attract more business that ultimately will stimulate the City's economy. The Port sets the rent parameters annually. Perhaps at the next go-around, staff could take a look if we are maybe out-pricing ourselves a little bit or not. Staff could look at some competitive cities or those that are doing filming in various cities and see where we stand. This is a great opportunity, not just for the rent collected, but for all the other things that go along with being on TV.

He's not sure if this article reflects it, but he knows and has heard that the original "Hawaii Five-O" television show was stimulated by the Convention & Visitors Bureau of Hawaii, as well as the Chamber of Commerce. They then brought in "Magnum PI," they switched "Bay Watch," which was a California-

based show, to "Bay Watch Hawaii." They're well aware of being 2,500 miles away on an island that they need to do that. We all are familiar with Hawaii tourism and Waikiki because of those shows. San Francisco still has the opportunity to do that. He is in support of this short-term temporary lease.

Commissioner Brandon thanked the Film Commission and For Whom Productions for bringing this opportunity to San Francisco and stimulating the local economy. She added that if they ever need any extras, they're available.

ACTION: Commissioner Brandon moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor. Resolution No. 10-72 was adopted.

12. NEW BUSINESS

Commissioner Lazarus asked if we are cancelling the tentative Special meeting in November. Mr. Dailey replied affirmatively. The Commission Secretary added that the Port Commission hearing room is not available for the tentatively scheduled special meeting in November so that meeting is cancelled.

Commissioner Fong asked if we have anything major on the agenda. The Commission Secretary replied that we have nothing so far, unless something comes up.

13. PUBLIC COMMENT

14. ADJOURNMENT

ACTION: Commissioner Brandon moved approval to adjourn the meeting; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

Commission President Rodney Fong adjourned the meeting at 3:55 p.m.

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Houghton Ltd